

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

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 1-10323

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

74-2099724

(State or other jurisdiction
of incorporation or organization)

(I.R.S. Employer
Identification No.)

1600 Smith Street, Dept. HQSEO

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

713-324-2950

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12B-2 of the Exchange Act). Yes No

As of July 15, 2005, 67,042,223 shares of Class B common stock were outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

CONTINENTAL AIRLINES, INC. CONSOLIDATED STATEMENTS OF OPERATIONS (In millions, except per share data) (Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Operating Revenue:				
Passenger (excluding fees and taxes of \$298, \$265, \$569, and \$507, respectively) (A)	\$2,621	\$2,345	\$4,888	\$4,444
Cargo, mail and other	<u>236</u>	<u>208</u>	<u>474</u>	<u>416</u>
	<u>2,857</u>	<u>2,553</u>	<u>5,362</u>	<u>4,860</u>
Operating Expenses:				
Wages, salaries and related costs	649	711	1,364	1,399
Aircraft fuel and related taxes	575	387	1,045	720
ExpressJet capacity purchase, net	382	328	735	645
Aircraft rentals	229	222	455	442
	181	163	352	323

Landing fees and other rentals				
Distribution costs	154	140	291	277
Maintenance, materials and repairs	106	102	218	214
Depreciation and amortization	98	105	197	208
Passenger services	84	76	162	145
Special charges	-	30	43	85
Other	<u>280</u>	<u>249</u>	<u>554</u>	<u>499</u>
	<u>2,738</u>	<u>2,513</u>	<u>5,416</u>	<u>4,957</u>

Operating Income (Loss) 119 40 (54) (97)

Nonoperating Income (Expense):

Interest expense	(101)	(97)	(198)	(195)
Interest capitalized	3	3	5	8
Interest income	15	6	26	11
Income from affiliates	20	29	40	55
Gain on disposition of ExpressJet Holdings shares	47	-	98	-
Other, net	<u>(3)</u>	<u>(9)</u>	<u>(3)</u>	<u>(5)</u>
	<u>(19)</u>	<u>(68)</u>	<u>(32)</u>	<u>(126)</u>

Income (Loss) before Income Taxes 100 (28) (86) (223)

Income Tax Benefit - - - 40

Net Income (Loss) \$ 100 \$ (28) \$ (86) \$ (183)

Earnings (Loss) per Share:

Basic	<u>\$ 1.49</u>	<u>\$(0.41)</u>	<u>\$(1.29)</u>	<u>\$(2.77)</u>
Diluted	<u>\$ 1.26</u>	<u>\$(0.43)</u>	<u>\$(1.29)</u>	<u>\$(2.80)</u>

Shares Used for Computation:

Basic	66.8	66.0	66.6	65.9
Diluted	85.5	66.0	66.6	65.9

A. The fees and taxes are primarily U.S. federal transportation taxes, federal security charges, airport passenger facility charges and foreign departure taxes.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS (A)
(In millions, except for share data)

ASSETS	June 30, <u>2005</u> (Unaudited)	December 31, <u>2004</u>	June 30, <u>2004</u> (Unaudited)
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Current Assets:

Cash and cash equivalents	\$1,757	\$ 1,055	\$1,287
Restricted cash	241	211	177
Short-term investments	<u>289</u>	<u>403</u>	<u>402</u>
Total cash, cash equivalents and short-term investments	2,287	1,669	1,866
Accounts receivable, net	589	472	575
Spare parts and supplies, net	207	214	202
Deferred income taxes	184	166	176
Note receivable from ExpressJet Holdings, Inc.	72	81	108
Prepayments and other	<u>318</u>	<u>222</u>	<u>248</u>
Total current assets	<u>3,657</u>	<u>2,824</u>	<u>3,175</u>

Property and Equipment:

Owned property and equipment:

Cash Flows from Investing Activities:		
Capital expenditures	(78)	(109)
Purchase deposits paid in connection with future aircraft deliveries	(90)	(13)
Purchase deposits refunded in connection with aircraft delivered	12	100
Sale (purchase) of short-term investments, net	114	29
Proceeds from dispositions of property and equipment	32	3
Other	<u>-</u>	<u>1</u>
Net cash provided by (used in) investing activities	<u>(10)</u>	<u>11</u>
Cash Flows from Financing Activities:		
Payments on long-term debt and capital lease obligations	(219)	(188)
Proceeds from issuance of long-term debt	425	-
Increase in restricted cash	(30)	(7)
Other	<u>6</u>	<u>9</u>
Net cash used in financing activities	<u>182</u>	<u>(186)</u>
Net Increase in Cash and Cash Equivalents	702	288
Cash and Cash Equivalents - Beginning of Period	<u>1,055</u>	<u>999</u>
Cash and Cash Equivalents - End of Period	<u>\$1,757</u>	<u>\$1,287</u>
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	\$ -	\$ 214
Contribution of ExpressJet Holdings stock to pension plan	\$ 130	\$ -

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

In our opinion, the unaudited consolidated financial statements included herein contain all adjustments necessary to present fairly our financial position, results of operations and cash flows for the periods indicated. Such adjustments, other than nonrecurring adjustments that have been separately disclosed, are of a normal, recurring nature. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in Amendment No. 1 to our Annual Report on Form 10-K for the year ended December 31, 2004 (the "2004 Form 10-K/A"). As used in these Notes to Consolidated Financial Statements, the terms "Continental," "we," "us," "our" and similar terms refer to Continental Airlines, Inc. and, unless the context indicates otherwise, its consolidated subsidiaries.

Primarily due to record-high fuel prices and the continued weak domestic fare environment, the current U.S. domestic network carrier financial environment continues to be poor and could deteriorate further. Among the many factors that threaten us are the continued rapid growth of low-cost carriers and resulting downward pressure on domestic fares, high fuel costs, high labor costs for our flight attendants, excessive taxation, increased security costs and significant pension liabilities. These factors are discussed in the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2004 Form 10-K/A.

We have had substantial losses since September 11, 2001, the magnitude of which is not sustainable. We have attempted to return to profitability by implementing the majority of \$1.1 billion of annual cost-cutting and revenue-generating measures since 2002, and we have also made significant progress toward our goal of achieving an additional annual \$500 million reduction in pay and benefits costs. We finalized changes to wages, work rules and benefits for all employees except our flight attendants and certain employees of our wholly-owned subsidiary Continental Micronesia, Inc. ("CMI") who are subject to collective bargaining agreements. We began implementing these changes in early April 2005, which, when fully implemented, are expected to result in approximately \$418 million of annual pay and benefits cost savings on a run-rate basis.

A significant portion of the cost savings from our work groups, both unionized and non-unionized, will be derived from changes to benefits and work rules. Our ability to achieve certain of the cost reductions will depend on effective implementation of new work rules, actual productivity improvements and implementation of changes in technology pertaining to employee work rules and benefits.

The current levels of pay and benefits for our flight attendants are not competitive. We have reengaged in discussions with our flight attendants concerning pay and benefit reductions, but have been unable to reach a tentative agreement. At our request, on July 6, 2005, the National Mediation Board appointed a federal mediator to assist us in reaching an agreement for pay and benefits reductions with our flight attendants, who are represented by the International Association of Machinists ("IAM").

Although revenue trends have been improving as we operate during what is historically the strongest period of the year, we still expect to incur a significant loss in 2005 due in large part to current high fuel prices. We have been able to implement some fare increases on certain domestic and international routes in recent months, but these increases have not fully offset the substantial increase in fuel prices.

Absent adverse factors outside our control, such as additional terrorist attacks, hostilities involving the United States or further significant increases in fuel prices, we currently believe that our existing liquidity and projected 2006 cash flows will be sufficient to fund our current operations and other financial obligations through 2006. However, we have significant financial obligations due in 2007 and thereafter, and it is possible that we will have inadequate liquidity to meet those obligations if the current adverse domestic environment for network carriers does not improve materially, fuel prices remain high and we are unable to increase our revenue or decrease our costs considerably or raise additional liquidity through financing activities and/or by selling non-strategic assets. Our recent pay and benefit cost reductions will help us reduce our costs, but we do not expect that these reductions in and of themselves will restore our long-term profitability in the current environment.

NOTE 1 - EARNINGS (LOSS) PER SHARE

Components. The following table sets forth the components of basic and diluted earnings per share (in millions):

Three Months		Six Months	
<u>Ended June 30,</u>		<u>Ended June 30,</u>	
<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>

Numerator:

Numerator for basic earnings per share - net income (loss)	\$100	\$(28)	\$(86)	\$(183)
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Effective of dilutive securities - interest expense on:

5% Convertible Notes	2	-	-	-
4.5% Convertible Notes	2	-	-	-
Convertible Junior Subordinated Debentures held by Subsidiary Trust	4	--	--	--
Reduction in our proportionate equity in ExpressJet Holdings, Inc. ("Holdings") resulting from the assumed conversion of Holdings' contingently convertible securities	<u>-</u>	<u>-(1)</u>	<u>-</u>	<u>-(2)</u>
Numerator for diluted earnings per share - net income (loss) after assumed conversions and effect of dilutive securities of equity investee	\$ <u>108</u>	\$ <u>(29)</u>	\$ <u>(86)</u>	\$ <u>(185)</u>

Denominator:

Denominator for basic earnings (loss) per share - weighted average shares	66.8	66.0	66.6	65.9
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Effect of dilutive securities:

5% Convertible Notes	8.8	-	-	-
4.5% Convertible Notes	5.0	-	-	-
Convertible Junior Subordinated Debentures held by Subsidiary Trust	4.1	-	-	-
Employee stock options	<u>0.8</u>	<u>-</u>	<u>-</u>	<u>-</u>
Dilutive potential common shares	<u>18.7</u>	<u>-</u>	<u>-</u>	<u>-</u>

Denominator for diluted earnings (loss) per share - adjusted weighted-average and assumed conversion	<u>85.5</u>	<u>66.0</u>	<u>66.6</u>	<u>65.9</u>
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Potential Common Shares. Weighted average options to purchase approximately 5.1 million, 6.3 million, 5.6 million and 6.3 million shares of our Class B common stock were not included in the computation of diluted loss per share for each of the three months ended June 30, 2005 and 2004 and each of the six months ended June 30, 2005 and 2004, respectively, because the options' exercise prices were greater than the average market price of the common shares during the relevant periods or the effect of including the options would have been antidilutive. In addition, 17.9 million potential common shares related to our Convertible Junior Subordinated Debentures Held by Subsidiary Trust, 4.5% Convertible Notes and 5% Convertible Notes were excluded from the computation of diluted earnings per share for the three months ended June 30, 2004 and each of the six months ended June 30, 2005 and 2004 because they were antidilutive.

NOTE 2 - FLEET INFORMATION

Operating Fleet. As shown in the following table, our operating aircraft fleet consisted of 348 mainline jets and 256 regional jets at June 30, 2005, excluding aircraft out of service. The regional jets are leased by ExpressJet Airlines, Inc. ("ExpressJet") from us and are operated by ExpressJet as Continental Express. Our purchase commitments (firm orders) for aircraft, as well as options to purchase or lease additional aircraft as of June 30, 2005 are also shown below.

Aircraft Type	Total Aircraft	Owned	Leased	Firm Orders	Options
787	-	-	-	10	5
777-200ER	18	6	12	-	1
767-400ER	16	14	2	-	-
767-200ER	10	9	1	-	-
757-300	9	9	-	8 (a)	-
757-200	41	13	28	-	-
737-900	12	8	4	3	-
737-800	92	26	66	29	6
737-700	36	12	24	15	23
737-500	63	15	48	-	-
737-300	<u>51</u>	<u>15</u>	<u>36</u>	<u>=</u>	<u>=</u>
Mainline jets	<u>348</u>	<u>127</u>	<u>221</u>	<u>65</u>	<u>35</u>
ERJ-145XR	86	-	86	18	75
ERJ-145	140	18	122	-	-
ERJ-135	<u>30</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>-</u>
Regional jets	<u>256</u>	<u>18</u>	<u>238</u>	<u>18</u>	<u>75</u>
Total	<u>604</u>	<u>145</u>	<u>459</u>	<u>83</u>	<u>110</u>

a. Used aircraft to be leased.

During the first half of 2005, we placed into service one 737-800 aircraft, which was delivered in late 2004, and ExpressJet took delivery of 11 ERJ-145XR aircraft, six of which were delivered in the second quarter.

Substantially all of the aircraft and engines we own are subject to mortgages. A significant portion of our spare parts inventory is also encumbered.

Firm Order and Option Aircraft. On March 30, 2005, we confirmed our previously announced agreement with Boeing for a firm order of ten new 787 aircraft, with the first 787 expected to be delivered in 2009. In addition to the ten firm order aircraft, we have options to purchase five additional 787 aircraft. We also confirmed our agreement to lease eight used 757-300 aircraft. We expect the 757-300 aircraft to be delivered beginning in the third quarter of 2005 through the first quarter of 2006. Additionally, we have accelerated into 2006 the delivery of six Boeing 737-800 aircraft that were previously scheduled to be delivered in 2008. Taking these new agreements with Boeing into consideration, as of June 30, 2005, we had firm purchase commitments for 57 aircraft from Boeing, with an estimated aggregate cost of approximately \$2.6 billion, lease commitments for eight aircraft and options to purchase an additional 35 Boeing aircraft. Including three aircraft already delivered in July 2005, we expect to take delivery of 13 Boeing aircraft over the remaining six months of 2005 (seven new 737-800s and six 757-300s) and eight in 2006 (six new 737-800s and two 757-300s), with delivery of the remaining 44 Boeing aircraft occurring from 2008 through 2011.

In May 2005, we obtained a lease financing commitment from a third party for the seven new Boeing 737-800 aircraft scheduled to be delivered in the second half of 2005. We also have backstop lease financing for the six 737-800 aircraft expected to be delivered in 2006. By virtue of these agreements, we have secured financing for all Boeing aircraft scheduled to be delivered in 2005 and 2006. However, we currently do not have backstop financing or any other financing in place for the remainder of the Boeing firm aircraft that are scheduled to be delivered between 2008 and 2011. Further financing will be needed to satisfy our capital commitments for our firm aircraft. We can provide no assurance that sufficient financing will be available for the aircraft on order or other related capital expenditures, or for our capital expenditures generally.

As of June 30, 2005, ExpressJet had firm commitments for 18 regional jets from Empresa Brasileira de Aeronautica S.A. ("Embraer"), with an estimated cost of approximately \$0.4 billion. ExpressJet currently anticipates taking delivery of ten of these firm commitment regional jets during the second half of 2005, with the remainder being delivered in 2006. ExpressJet does not have an obligation to take any of these firm Embraer aircraft that are not financed by a third party and leased to either ExpressJet or us. Under the capacity purchase agreement between us and ExpressJet, we have agreed to lease as lessee and sublease to ExpressJet the regional jets that are subject to ExpressJet's firm purchase commitments. In addition, under the capacity purchase agreement with ExpressJet, we generally are obligated to purchase all of the capacity provided by these new aircraft as they are delivered to ExpressJet.

Out-of-Service Aircraft. In addition to the above operating aircraft, we had 12 owned and nine leased MD-80 aircraft permanently removed from service as of June 30, 2005. The owned out-of-service MD-80 aircraft are being carried at an aggregate fair market value of \$22 million, and the remaining rentals on the leased out-of-service MD-80 aircraft have been accrued. As of June 30, 2005, we subleased one of the leased out-of-service MD-80 aircraft to a third party and we are currently exploring lease or sale opportunities for the remaining out-of-service aircraft. We cannot predict when or if purchasers, lessees or sublessees can be found, and it is possible that our owned MD-80 aircraft could suffer additional impairment.

Additionally, we have 12 Embraer 120 turboprop aircraft and nine ATR 42 turboprop aircraft out-of-service. We own nine and lease 12 of these aircraft. The nine owned aircraft are being carried at an aggregate fair value of \$8 million, and the remaining rentals on the leased aircraft have been accrued. We currently sublease three of the leased out-of-service turboprop aircraft to a third party and are exploring lease or sale opportunities for the remaining out-of-service aircraft, subject to the same uncertainties as the out-of-service mainline aircraft discussed above.

NOTE 3 - LONG-TERM DEBT

Secured Loan Facility. In June 2005, we and our two wholly-owned subsidiaries, Air Micronesia, Inc. ("AMI") and CMI, closed on a \$350 million secured loan facility. AMI and CMI have unconditionally guaranteed the loan made to us, and we and AMI have unconditionally guaranteed the loan made to CMI.

The facility consists of two loans, both of which have a term of six years and are non-amortizing, except for certain mandatory prepayments described below. The loans accrue interest at a floating rate determined by reference to the three-month London Interbank Offered Rate, known as LIBOR, plus 5.375% per annum. The loans and guarantees are secured by certain of our U.S.-Asia routes and related assets, all of the outstanding common stock of AMI and CMI and substantially all of the other assets of AMI and CMI, including route authorities and related assets.

The loan documents require us to maintain a minimum balance of unrestricted cash and cash equivalents of \$1.0 billion dollars at the end of each month. The loans may become due and payable immediately if we fail to maintain the monthly minimum cash balance and upon the occurrence of other customary events of default under the loan documents. If we fail to maintain a minimum balance of unrestricted cash and cash equivalents of \$1.125 billion, we and CMI will be required to make a mandatory aggregate \$50 million prepayment of the loans. In addition, if the ratio of the outstanding loan balance to the value of the collateral securing the loans, as determined by periodic appraisals, is greater than 48%, we and CMI will be required to post additional collateral or prepay the loans to reestablish a loan-to-collateral value ratio of not greater than 48%.

Credit Card Marketing Agreement. In March 2005, we extended our current agreement with Chase Manhattan Bank USA, N.A. ("Chase") to jointly market credit cards. In addition to reaching an agreement on advertising and other marketing commitments, Chase agreed to increase the rate it pays for mileage credits under our frequent flyer program. In April 2005, Chase purchased \$75 million of mileage credits under the program which will be redeemed for mileage purchases in 2007 and 2008 and recognized as revenue consistent with other mileage sales in 2007 and 2008. In consideration for the advance purchase of mileage credits, we have provided a security interest to Chase in certain transatlantic routes. The \$75 million purchase of mileage credits has been treated as a loan from Chase and is reported as long-term debt in our balance sheet and will be reduced ratably in 2007 and 2008 as the mileage credits are redeemed. The new agreement extends through the end of 2009.

Maturities. Maturities of long-term debt due through December 31, 2005 and over the next four years are as follows (in millions):

July 1, 2005 through December 31, 2005	\$423
Year ending December 31,	
2006	534
2007	945
2008	641
2009	468

NOTE 4 - STOCK PLANS AND AWARDS

Pro Forma Information. We account for our stock-based compensation plans under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." No stock-based employee compensation cost for our stock option plans is reflected in our consolidated statements of operations, as all options granted under our plans have an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table illustrates the pro forma effect on net loss and loss per share if we had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-based Compensation," for the three and six months ended June 30, 2005 and 2004 (in millions except per share amounts):

Three Months Ended June 30,		Six Months Ended June 30,	
2005	2004	2005	2004

Net income (loss), as reported	\$ 100	\$ (28)	\$ (86)	\$(183)
Deduct total stock-based employee compensation expense determined under SFAS 123, net of tax in 2004	___(9)	___(1)	___(11)	___(2)
Net income (loss), pro forma	\$ <u>91</u>	\$ <u>(29)</u>	\$ <u>(97)</u>	\$ <u>(185)</u>

Basic earnings (loss) per share:

As reported	\$1.49	\$(0.41)	\$(1.29)	\$(2.77)
Pro forma	\$1.35	\$(0.44)	\$(1.45)	\$(2.81)

Diluted earnings (loss) per share:

As reported	\$1.26	\$(0.43)	\$(1.29)	\$(2.80)
Pro forma	\$1.16	\$(0.46)	\$(1.46)	\$(2.84)

Grants of Options to Employees. In connection with the pay and benefit cost reductions discussed herein, on March 30, 2005 we issued to substantially all employees, except flight attendants, officers, employees of CMI and certain international employees, stock options for approximately 8.5 million shares of our Class B common stock with an exercise price of \$11.89 per share. The exercise price was the closing price of our common stock on the date of grant. The options represent approximately 12.8 percent of the currently outstanding shares of our common stock. The options will generally become exercisable in three equal installments on the first, second and third anniversaries of the date of grant, and will have terms of either six or eight years.

Employee Stock Purchase Plan. All of our employees (including CMI employees) are eligible to participate in the 2004 Employee Stock Purchase Plan. At the end of each fiscal quarter, participants may purchase shares of our Class B common stock at 85% of the fair market value of the stock on either the first day or the last day of the option period (whichever is lower), limited to a minimum purchase price of \$10 per share. In the aggregate, 3,000,000 shares may be purchased under the plan. These shares may be newly issued or reacquired shares. During the first six months of 2005, 399,562 shares of Class B common stock were issued to participants at a weighted-average purchase price of \$10.09 per share.

Pending Accounting Pronouncement. In December 2004, the Financial Accounting Standards Board ("FASB") issued a revision of SFAS 123, "Share Based Payment" ("SFAS 123R"), which requires companies to measure the cost of employee services received in exchange for an award of equity instruments (typically stock options) based on the grant-date fair value of the award. The fair value is to be estimated using an option-pricing model. The resulting cost will be recognized over the period during which an employee is required to provide service in exchange for the award, usually the vesting period. Under the original SFAS 123, this accounting treatment was optional with pro forma disclosures required.

We are required to adopt SFAS 123R no later than January 1, 2006. It will be effective for all awards granted after that date and for the unvested portion of awards granted prior to the adoption date. The expense that will be recognized with respect to such unvested awards will be based on the grant-date fair value and vesting schedule of those awards used in calculating the pro forma disclosures required under SFAS 123 and presented above. We anticipate that the impact of adopting SFAS 123R on our statement of operations will be similar to the pro forma impact of SFAS 123 presented above. Adoption of SFAS 123R will not affect our overall financial position or liquidity.

NOTE 5 - COMPREHENSIVE INCOME (LOSS)

We include in other comprehensive income (loss) changes in minimum pension liabilities and changes in the fair value of derivative financial instruments which qualify for hedge accounting. For the second quarter of 2005 and 2004, total comprehensive income (loss) amounted to \$108 million and \$(14) million, respectively. For the six months ended June 30, 2005 and 2004, total comprehensive income (loss) amounted to \$(90) million and \$(166) million, respectively. Total comprehensive income (loss) for the six months ended June 30, 2005 includes a \$23 million loss adjustment to the minimum pension liability resulting from the curtailment recorded during the first quarter of 2005 discussed in Note 6. The remaining difference between net income (loss) and total comprehensive income (loss) for each period was attributable to changes in the fair value of derivative financial instruments.

NOTE 6 - EMPLOYEE BENEFIT PLANS

Defined Benefit Pension Plan. Net periodic defined benefit pension expense for the three and six months ended June 30, 2005 and 2004 included the following components (in millions):

	Three Months		Six Months	
	<u>Ended June 30,</u>	<u>Ended June 30,</u>	<u>Ended June 30,</u>	<u>Ended June 30,</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Service cost	\$ 20	\$ 38	\$ 60	\$ 76
Interest cost	36	38	79	76
Expected return on plan assets	(31)	(29)	(62)	(58)
Amortization of prior service cost	2	5	7	10
Amortization of unrecognized net actuarial loss	<u>17</u>	<u>24</u>	<u>39</u>	<u>42</u>
Net periodic benefit expense	44	76	123	146
Curtailment loss (included in special charges)	—	—	<u>43</u>	—
Net benefit expense	\$ <u>44</u>	\$ <u>76</u>	\$ <u>166</u>	\$ <u>146</u>

Under the new collective bargaining agreement that our pilots ratified on March 30, 2005, benefit accruals with respect to the pilots under our defined benefit pension plan were frozen effective May 31, 2005, the assets and obligations related to pilots thereunder are being placed in a separate frozen defined benefit pension plan and we are obligated to establish and make contributions to a new defined contribution retirement program for pilots. All of the pilots' existing accrued benefits under our defined benefit plan at the date of the freeze have been preserved, including the right to receive a lump-sum payment upon retirement. Funding requirements under our pre-existing defined

benefit pension plans (as well as the separate frozen defined benefit pension plan for pilots) will continue to be determined under applicable law. However, we have agreed with our pilots' union that we will not declare a cash dividend or repurchase our outstanding common stock for cash until we have contributed at least \$500 million to the frozen defined benefit pension plan for pilots, measured from March 30, 2005.

In March 2005, we recorded a \$43 million non-cash curtailment charge in accordance with SFAS No. 88, "Employer's Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," ("SFAS No. 88") in connection with freezing the portion of our defined benefit pension plan related to our pilots, using actuarial assumptions consistent with those we used at December 31, 2004. SFAS No. 88 requires curtailment accounting if an event eliminates, for a significant number of employees, the accrual of defined benefits for some or all of their future services. In the event of a curtailment, a loss must be recognized for the unrecognized prior service cost associated with years of service no longer expected to be rendered.

On January 6, 2005, we contributed 6.0 million shares of Holdings common stock valued at \$65 million to our defined benefit pension plan. On April 7, 2005, we contributed an additional 6.1 million shares of Holdings common stock valued at \$65 million to our defined benefit pension plan. On June 13, 2005, we contributed \$50 million cash to our defined benefit pension plan. On July 8, 2005, we contributed \$40 million cash to the pilots' new frozen defined benefit pension plan. Including these contributions totaling \$220 million, we currently expect to contribute a total of approximately \$304 million in 2005 to our defined benefit pension plan and the pilots' frozen defined benefit plan to meet each plan's minimum funding obligation, after taking into consideration the changes discussed above.

Defined Contribution Plans for Pilots. The agreement with our pilots provides for a new defined contribution retirement plan to be established effective September 1, 2005. That plan will be a money purchase pension plan that is also subject to minimum contribution rules under the Internal Revenue Code. Contributions under the new defined contribution plan will generally be specified percentages of applicable pilot compensation, subject to applicable legal limits. The initial contribution to be made under this plan will include a make-up contribution that is based on eligible compensation since July 1, 2005. Further, the agreement provides that the pilots' accounts under the 401(k) plan, which covers substantially all of our employees, will be spun off effective September 1, 2005 to a separate 401(k) plan for pilots. In accordance with the agreement, employer contributions will be made to the pilots' 401(k) plan, including potential additional contributions which will depend on our pre-tax profits during a portion of the term of the pilots' agreement. To the extent contributions to either plan are limited by applicable law, the difference between the contractual amounts and the amounts permitted by law to be contributed to the defined contribution plans will be paid directly to pilots under a corresponding nonqualified arrangement.

Retiree Medical Benefits. Effective April 1, 2005, we made changes to certain retiree medical programs made available to eligible retirees. Previously, we offered these benefits on a workgroup-by-workgroup basis and had the periodic option of discontinuing the benefits. Generally, these benefits allow eligible retired employees to receive medical benefits that "bridge" their medical coverage from their date of retirement until attainment of Medicare eligibility, subject to applicable limits and conditions. Retirees are required to pay a portion of the costs of their retiree medical benefits to the extent they do not have sufficient accumulated unused sick time at the time of their retirement. Plan benefits are subject to co-payments, deductibles and other limits as described in the plans. We account for the retiree medical benefits plan under SFAS No. 106, "Employers' Accounting for Postretirement Benefits other than Pensions," which requires recognition of the expected cost of benefits over the employee's service period. Following an amendment to the plan effective April 1, 2005, the accumulated postretirement benefit obligation under this plan was \$240 million and our unrecognized prior service cost was also \$240 million. The prior service cost will be recognized as expense over the remaining service period of currently active employees who will receive this benefit. The accumulated postretirement benefit obligation was calculated using a 5.75% discount rate and an assumed health care cost trend rate of 10% in 2005, declining to 5% in 2010 and thereafter. We recognized expense of \$11 million related to this plan in the three months ended June 30, 2005. A 1% increase in the assumed health care cost trend rate would increase the accumulated postretirement benefit obligation as of April 1, 2005 by approximately \$23 million and our run-rate annual expense by approximately \$3 million. A 1% decrease in the assumed health care cost trend rate would decrease the accumulated postretirement benefit obligation at April 1, 2005 by approximately \$20 million and our run-rate annual expense by approximately \$3 million.

Profit Sharing Plan. In January 2005, we announced that in connection with the pay and benefit reductions, we would be implementing an enhanced profit sharing program. The new program, which became effective April 1, 2005 and will be in place through 2009, creates an award pool of 30% of the first \$250 million of pre-tax net income (as defined in the plan), 25% of the next \$250 million and 20% of amounts over \$500 million, subject to certain adjustments. Half of the profit-sharing pool will be allocated based on the relative share of the recently-agreed upon pay and benefit reductions accepted by most of our employee work groups and the other half will be allocated based on the relative wages of those work groups. Substantially all Continental employees will participate in the plan other than flight attendants, employees who participate in our management or officer bonus programs and certain non-U.S. employees. We currently anticipate that flight attendants will participate in this plan if we reach an agreement with their union and it is ratified by the members.

401(k) Plan. Our defined contribution 401(k) employee savings plans cover substantially all employees. Company matching contributions were terminated effective April 1, 2005 for substantially all employees other than flight attendants, mechanics, employees of CMI and pilots. Company matching contributions for pilots and CMI employees not subject to collective bargaining agreements ceased effective May 31, 2005 and June 1, 2005, respectively.

NOTE 7 - SPECIAL CHARGES

In the first quarter of 2005, we recorded a \$43 million non-cash curtailment charge relating to the freezing of the portion of our defined benefit pension plan attributable to pilots, as discussed in Note 6.

In the second quarter of 2004, we recorded a special charge of \$30 million associated with future obligations for rent and return conditions related to six leased MD-80 aircraft that were permanently grounded during the quarter.

In the first quarter of 2004, we recorded special charges of \$55 million. Included in this charge were \$19 million associated with future obligations for rent and return conditions related to three MD-80 aircraft that were permanently grounded during the quarter and a non-cash charge of \$34 million related to the termination of a 1993 service agreement with United Micronesia Development Association.

Activity related to the accruals for future lease payments and closure/under-utilization of facilities for the six months ended June 30, 2005 is as follows (in millions):

	<u>Beginning Balance</u>	<u>Accrual</u>	<u>Payments</u>	<u>Other</u>	<u>Ending Balance</u>
Allowance for future lease payments and return conditions	\$116	--	(29)	(6)	\$81
Closure/under-utilization of facilities	14	-	(2)	-	12

NOTE 8 - INVESTMENT IN EXPRESSJET AND REGIONAL CAPACITY PURCHASE AGREEMENT

Investment in ExpressJet. As the result of a series of transactions described in Note 15 to the financial statements included in our 2004 Form 10-K/A, we account for our interest in Holdings, the parent company of ExpressJet, using the equity method of accounting set forth in APB Opinion No. 18, "The Equity Method of Accounting for Investments in Common Stock." Under our capacity purchase agreement with Holdings and ExpressJet, we purchase all of ExpressJet's capacity and are responsible for selling all of the seat inventory. As a result, we record the related passenger revenue and related expenses, with payments under the capacity purchase agreement reflected as a separate operating expense. Using equity accounting, we record our proportionate share of Holdings' net income in "income from affiliates" in our consolidated statement of operations.

On January 6, 2005, we contributed 6.0 million shares of Holdings common stock to our defined benefit pension plan, reducing our ownership in Holdings to 10.7 million shares, which represented a 19.7% interest in Holdings. We recognized a gain of \$51 million in the first quarter of 2005 related to this transaction. On April 7, 2005, we contributed an additional 6.1 million shares of Holdings common stock to our defined benefit pension plan, further reducing our ownership to 4.7 million shares, or an 8.5% interest in Holdings. These 4.7 million shares had a market value of \$40 million at June 30, 2005. We recognized a gain of \$47 million in the second quarter of 2005 related to the April 2005 transaction. We will continue to account for our interest in Holdings using the equity method of accounting because of our ongoing ability to influence

Holdings' operations significantly through our capacity purchase agreement and our continued representation on Holdings' Board of Directors, although our board representation has been reduced to one member. We do not currently intend to remain a stockholder of Holdings over the long term. Subject to market conditions, we intend to sell or otherwise dispose of all of our shares of Holdings common stock in the future.

In addition to the Holdings shares we own, our defined benefit pension plan held 8.4 million shares of Holdings common stock at June 30, 2005. These shares represented a 15.4% interest in Holdings. The independent fiduciary that manages the Holdings shares in our defined benefit pension plan sold 3.7 million shares to third parties during the six months ended June 30, 2005. The combined interest in Holdings of our direct ownership and our pension plan at June 30, 2005 was 13.1 million shares, or 23.9% of Holdings' outstanding shares.

Capacity Purchase Agreement. Our capacity purchase agreement with Holdings and ExpressJet provides that we purchase in advance all of ExpressJet's available seat miles for a negotiated price, and we are at risk for reselling the available seat miles at market prices. Payments made under our capacity purchase agreement are reported as ExpressJet capacity purchase, net. ExpressJet capacity purchase, net includes all of ExpressJet's fuel expense plus a margin on ExpressJet's fuel expense up to a cap provided in the capacity purchase agreement and a related fuel purchase agreement (which margin only applies to the first 71.2 cents per gallon, including fuel taxes) and is net of our rental income on aircraft we lease to ExpressJet. Such capacity purchase, net payments totaled \$382 million and \$735 million in the three and six months ended June 30, 2005 and \$328 million and \$645 million in the three and six months ended June 30, 2004, respectively.

Tax Sharing Agreement. We recognized nonoperating income related to our tax sharing agreement with Holdings of \$7 million and \$14 million for the three and six months ended June 30, 2005, respectively, and \$12 million and \$24 million in the three and six months ended June 30, 2004, respectively.

NOTE 9 - SEGMENT REPORTING

We have two reportable segments: mainline and regional. We evaluate segment performance based on several factors, of which the primary financial measure is operating income (loss). However, we do not manage our business or allocate resources based on segment operating profit or loss because (1) our flight schedules are designed to maximize the passengers flying on both segments, (2) many operations of the two segments are substantially integrated (for example, airport operations, sales and marketing, scheduling and ticketing), and (3) management decisions are based on their anticipated impact on the overall network, not on one individual segment.

Financial information for the three and six months ended June 30 by business segment is set forth below (in millions):

	Three Months		Six Months	
	Ended June 30,		Ended June 30,	
	2005	2004	2005	2004
Operating Revenue:				
Mainline	\$2,384	\$2,139	\$4,505	\$4,092
Regional	<u>473</u>	<u>414</u>	<u>857</u>	<u>768</u>
Total Consolidated	<u>\$2,857</u>	<u>\$2,553</u>	<u>\$5,362</u>	<u>\$4,860</u>
Operating Income (Loss):				
Mainline	\$ 157	\$ 68	\$ 75	\$ 2
Regional	<u>(38)</u>	<u>(28)</u>	<u>(129)</u>	<u>(99)</u>
Total Consolidated	<u>\$ 119</u>	<u>\$ 40</u>	<u>\$ (54)</u>	<u>\$ (97)</u>
Net Income (Loss):				
Mainline	\$ 140	\$ (14)	\$ 43	\$ (128)
Regional	<u>(40)</u>	<u>(14)</u>	<u>(129)</u>	<u>(55)</u>
Total Consolidated	<u>\$ 100</u>	<u>\$ (28)</u>	<u>\$ (86)</u>	<u>\$ (183)</u>

The amounts presented above are presented on the basis of how our management reviews segment results. Under this basis, the regional segment's revenue includes a pro-rated share of our ticket revenue for segments flown by Holdings, and expenses include all activity related to the regional operations.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Purchase Commitments. See Note 2 for a discussion of our aircraft purchase commitments.

Financings and Guarantees. We are the guarantor of approximately \$1.7 billion in aggregate principal amount of tax-exempt special facilities revenue bonds and interest thereon, excluding the US Airways contingent liability described below. These bonds, issued by various airport municipalities, are payable solely from our rentals paid under long-term agreements with the respective governing bodies. The leasing arrangements associated with approximately \$1.5 billion of these obligations are accounted for as operating leases, and the leasing arrangements associated with approximately \$200 million of these obligations are accounted for as capital leases in our financial statements.

We are contingently liable for US Airways' obligations under a lease agreement between US Airways and the Port Authority of New York and New Jersey related to the East End Terminal at LaGuardia airport. These obligations include the payment of ground rentals to the Port Authority and the payment of other rentals in respect of the full amounts owed on special facilities revenue bonds issued by the Port Authority having an outstanding par amount of \$166 million at June 30, 2005 and having a final scheduled maturity in 2015. If US Airways defaults on these obligations, we would be obligated to cure the default, and the applicable documents provide that we would have the right to occupy the terminal after US Airways' interest in the lease had been terminated. In September 2004, US Airways filed for reorganization under Chapter 11 of the United States Bankruptcy Code. As of July 15, 2005, US Airways has made no election to assume or reject the lease agreement in its bankruptcy case.

We also have letters of credit and performance bonds at June 30, 2005 in the amount of \$56 million with expiration dates through June 2008.

General Guarantees and Indemnifications. We are the lessee under many real estate leases. It is common in such commercial lease transactions for us to agree to indemnify the lessor and other related third parties for tort liabilities that arise out of or relate to our use or occupancy of the leased premises. In some cases, this indemnity extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by their gross negligence or willful misconduct. Additionally, we typically indemnify such parties for any environmental liability that arises out of or relates to our use of the leased premises.

In our aircraft financing agreements, we typically indemnify the financing parties, trustees acting on their behalf and other related parties against liabilities that arise from the manufacture, design, ownership, financing, use, operation and maintenance of the aircraft and for tort liability, whether or not these liabilities arise out of or relate to the negligence of these indemnified parties, except for their gross negligence or willful misconduct and other customary exclusions.

We expect that we would be covered by insurance (subject to deductibles) for most tort liabilities and related indemnities described above with respect to real estate we lease and aircraft we operate.

In our financing transactions that include loans from banks in which the interest rate is based on LIBOR, we typically agree to reimburse the lenders for certain increased costs that they incur in carrying these loans as a result of any change in law and for any reduced returns with respect to these loans due to any change in capital requirements, subject in most cases to certain mitigation obligations of the lenders. We had \$1.7 billion of floating rate debt at June 30, 2005. In several financing transactions, with an aggregate carrying value of \$1.4 billion, involving loans from non-U.S. banks, export-import banks and certain other lenders secured by aircraft, we bear the risk of any change in tax laws that would subject loan payments thereunder to non-U.S. lenders to withholding taxes, subject to customary exclusions. In addition, in cross-border aircraft lease agreements for two 757 aircraft, we bear the risk of any change in U.S. tax laws that would subject lease payments made by us to a resident of Japan to U.S. taxes, subject to customary exclusions. Our lease obligations for these two aircraft totaled \$54 million at June 30, 2005.

We cannot estimate the potential amount of future payments under the foregoing indemnities and agreements.

Credit Card Processing Agreement. Our bank-issued credit card processing agreement contains certain financial covenants which require, among other things, that we maintain a minimum EBITDAR (generally, earnings before interest, taxes, depreciation, amortization and aircraft rentals, adjusted for special charges) to fixed charges (generally, interest and aircraft rentals) ratio of 0.9 to 1.0 through June 30, 2006 and 1.1 to 1.0 thereafter. The liquidity covenant requires us to maintain a minimum level of \$1.0 billion of unrestricted cash and short-term investments. The agreement also requires that we must maintain a debt rating of at least Caa3 as rated by Moody's or CCC- as rated by Standard & Poor's. We are currently in compliance with all of the covenants. Failure to maintain compliance would result in our being required to post up to an additional \$370 million of cash collateral, which would adversely affect our liquidity. Depending on our unrestricted cash balance at the time, the posting of a significant amount of cash collateral could cause our unrestricted cash balance to fall below the \$1.0 billion minimum balance requirement under our \$350 million secured loan facility, resulting in a default under such facility.

Secured Loan Facility. See Note 3 for a discussion of the secured loan facility we closed in June 2005.

Employees. On February 28, 2005, we announced that we had reached tentative agreements on new contracts covering our pilots, flight attendants, mechanics, dispatchers and simulator engineers following negotiations with the Air Line Pilots Association International ("ALPA"), the IAM, the International Brotherhood of Teamsters ("Teamsters") and the Transport Workers Union ("TWU") (representing both dispatchers and simulator engineers). Each of these agreements was ratified on March 30, 2005 by the members of the covered work groups with the exception of the agreement with our flight attendants, which was not ratified. The unions with ratified agreements chose to go forward and implement their contracts despite the fact that the flight attendants did not ratify their agreement. As each of the new collective bargaining agreements is for a 45-month term, all of these agreements will become amendable on December 31, 2008.

As discussed in the introductory paragraphs to these Notes to Consolidated Financial Statements, on July 6, 2005, the National Mediation Board appointed a federal mediator to assist us in reaching an agreement for pay and benefits reductions with our flight attendants, who are represented by the IAM.

Environmental Matters. We could be responsible for environmental remediation costs primarily related to jet fuel and solvent contamination surrounding our aircraft maintenance hangar in Los Angeles. In 2001, the California Regional Water Quality Control Board ("CRWQCB") mandated a field study of the site, which was completed in September 2001. In April 2005, under the threat of a CRWQCB enforcement action, we began environmental remediation of jet fuel contamination surrounding our aircraft maintenance hangar pursuant to a work plan submitted to (and approved by) the CRWQCB and our landlord, the Los Angeles World Airports.

We have established a reserve for estimated costs of environmental remediation at Los Angeles and elsewhere in our system, based primarily on third party environmental studies and estimates as to the extent of the contamination and nature of the required remedial actions. We expect our total losses from all environmental matters to be \$49 million, for which we were fully accrued at June 30, 2005. We have evaluated and recorded this accrual for environmental remediation costs separately from any related insurance recovery. We have not recognized any material receivables related to insurance recoveries at June 30, 2005.

Based on currently available information, we believe that our reserves for potential environmental remediation costs are adequate, although reserves could be adjusted as further information develops or circumstances change. However, we do not expect these items to materially effect our financial condition, liquidity or results of operations.

IRS Examinations. The Internal Revenue Service ("IRS") is in the process of examining our income tax returns for years through 2001 and has indicated that it may disallow certain deductions we claimed. We believe the ultimate resolution of these audits will not have a material adverse effect on our financial condition, liquidity or results of operations.

Legal Proceedings. During the period between 1997 and 2001, we reduced or capped the base commissions that we paid to travel agents, and in 2002 we eliminated the base commissions. This was similar to actions also taken by other air carriers. We are now a defendant, along with several other air carriers, in a number of lawsuits brought by travel agencies relating to these base commission reductions and eliminations.

Several travel agents who purportedly opted out of a prior class action entitled *Sarah Futch Hall d/b/a/ Travel Specialists v. United Air Lines, et al.* (U.S.D.C., Eastern District of North Carolina), in which the defendant airlines prevailed on summary judgment that was upheld on appeal, filed similar suits against Continental and other major carriers alleging violations of antitrust laws in reducing and ultimately eliminating the base commission formerly paid to travel agents. These pending cases are *Tam Travel, Inc. v. Delta Air Lines, Inc., et al.* (U.S.D.C., Northern District of California), filed on April 9, 2003; *Paula Fausky, et al. v. American Airlines, et al.* (U.S.D.C., Northern District of Ohio), filed on May 8, 2003; and *Swope Travel Agency, et al. v. Orbitz LLC et al.* (U.S.D.C., Eastern District of Texas), filed on June 5, 2003. These actions were transferred and consolidated for pretrial purposes in 2003 by the Judicial Panel on Multidistrict Litigation to the Northern District of Ohio. Discovery has recently commenced.

In each of the foregoing cases, we believe the plaintiffs' claims are without merit and are vigorously defending the lawsuits. Nevertheless, a final adverse court decision awarding substantial money damages could have a material adverse effect on our financial condition, liquidity and results of operations.

We and/or certain of our subsidiaries are defendants in various other lawsuits, including one suit relating to certain environmental claims, and proceedings arising in the normal course of business. While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could have a material adverse effect on our financial position, liquidity or results of operations, it is our opinion, after consulting with outside counsel, that the ultimate disposition of such suits will not have a material adverse effect on our financial position, liquidity or results of operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following discussion contains forward-looking statements that are not limited to historical facts, but reflect our current beliefs, expectations or intentions regarding future events. In connection therewith, please see the risk factors set forth in our 2004 Form 10-K/A, which identify important factors such as the consequences of our significant financial losses and high leverage, terrorist attacks, domestic and international economic conditions, the significant cost of aircraft fuel, labor costs, competition and industry conditions including the demand for air travel, the airline pricing environment and industry capacity decisions, regulatory matters and the seasonal nature of the airline business (the second and third quarters are generally stronger than the first and fourth quarters). In addition to the foregoing risks, there can be no assurance that we will be able to obtain the needed pay and benefit reductions from our flight attendants and CMI employees or that the ratified agreements and the pay and benefit reductions and work rule changes from other work groups will enable the company to achieve the cost reductions expected, which will depend, upon other matters, on timely and effective implementation of new work rules, actual productivity improvement, employee attrition, technology implementation, our level of business activity, relations with employees generally and the ultimate accuracy of certain assumptions on which our cost savings are based. We undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this report.

General information about us can be found at <http://www.continental.com/company/investor>. Our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with, or furnish them to, the Securities and Exchange Commission.

OVERVIEW

Primarily due to record-high fuel prices and the continued weak domestic fare environment, the current U.S. domestic network carrier financial environment continues to be poor and could deteriorate further. Among the many factors that threaten us are the continued rapid growth of low-cost carriers and resulting downward pressure on domestic fares, high fuel costs, high labor costs for our flight attendants, excessive taxation, increased security costs and significant pension liabilities. These factors are discussed in the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2004 Form 10-K/A.

We have had substantial losses since September 11, 2001, the magnitude of which is not sustainable. We have attempted to return to profitability by implementing the majority of \$1.1 billion of annual cost-cutting and revenue-generating measures since 2002, and we have also made significant progress toward our goal of achieving an additional annual \$500 million reduction in pay and benefits costs. We finalized changes to wages, work rules and benefits for all employees except our flight attendants and certain employees of our wholly-owned subsidiary CMI who are subject to collective bargaining agreements. We began implementing these changes in early April 2005, which, when fully implemented, are expected to result in approximately \$418 million of annual pay and benefits cost savings on a run-rate basis.

A significant portion of the cost savings from our work groups, both unionized and non-unionized, will be derived from changes to benefits and work rules. Our ability to achieve certain of the cost reductions will depend on effective implementation of new work rules, actual productivity improvements and implementation of changes in technology pertaining to employee work rules and benefits.

The current levels of pay and benefits for our flight attendants are not competitive. We have reengaged in discussions with our flight attendants concerning pay and benefit reductions, but have been unable to reach a tentative agreement. At our request, on July 6, 2005, the National Mediation Board appointed a federal mediator to assist us in reaching an agreement for pay and benefits reductions with our flight attendants, who are represented by the IAM.

Although revenue trends have been improving as we operate during what is historically the strongest period of the year, we still expect to incur a significant loss in 2005 due in large part to current high fuel prices. We have been able to implement some fare increases on certain domestic and international routes in recent months, but these increases have not fully offset the substantial increase in fuel prices.

Absent adverse factors outside our control, such as additional terrorist attacks, hostilities involving the United States or further significant increases in fuel prices, we currently believe that our existing liquidity and projected 2006 cash flows will be sufficient to fund our current operations and other financial obligations through 2006. However, we have significant financial obligations due in 2007 and thereafter, and it is possible that we will have inadequate liquidity to meet those obligations if the current adverse domestic environment for network carriers does not improve materially, fuel prices remain high and we are unable to increase our revenue or decrease our costs considerably or raise additional liquidity through financing activities and/or by selling non-strategic assets. Our recent pay and benefit cost reductions will help us reduce our costs, but we do not expect that these reductions in and of themselves will restore our long-term profitability in the current environment.

RESULTS OF OPERATIONS

The following discussion provides an analysis of our results of operations and reasons for material changes therein for the three and six months ended June 30, 2005 as compared to the corresponding periods ended June 30, 2004.

Comparison of Three Months Ended June 30, 2005 to Three Months Ended June 30, 2004

Consolidated Results of Operations

We recorded consolidated net income of \$100 million for the second quarter of 2005 as compared to a consolidated net loss of \$28 million for the three months ended June 30, 2004. We consider the key measure of our performance to be operating income, which was \$119 million for the second quarter of 2005, as compared to \$40 million for the second quarter of 2004. Significant components of our consolidated operating results are as follows (in millions, except percentage changes):

	Three Months Ended June 30,		Increase	% Increase
	2005	2004		
Operating Revenue:				
Passenger	\$2,621	\$2,345	\$276	11.8 %
Cargo, mail and other	<u>236</u>	<u>208</u>	<u>28</u>	13.5 %
	<u>2,857</u>	<u>2,553</u>	<u>304</u>	11.9 %
Operating Expenses:				
Wages, salaries and related costs	649	711	(62)	(8.7)%
Aircraft fuel and related taxes	575	387	188	48.6 %
ExpressJet capacity purchase, net	382	328	54	16.5 %
Aircraft rentals	229	222	7	3.2 %
Landing fees and other rentals	181	163	18	11.0 %
Distribution costs	154	140	14	10.0 %
Maintenance, materials and repairs	106	102	4	3.9 %
Depreciation and amortization	98	105	(7)	(6.7)%
Passenger services	84	76	8	10.5 %
Special charges	-	30	(30)	NM
Other	<u>280</u>	<u>249</u>	<u>31</u>	12.4 %
	<u>2,738</u>	<u>2,513</u>	<u>225</u>	9.0 %
Operating Income	<u>119</u>	<u>40</u>	<u>79</u>	197.5 %
Nonoperating Income (Expense)	<u>(19)</u>	<u>(68)</u>	<u>(49)</u>	(72.1)%
Income (Loss) before Income Taxes	100	(28)	128	NM

INCOME (LOSS) BEFORE INCOME TAXES	100	(20)	120	NM
Income Tax Benefit	—	—	—	-
Net Income (Loss)	\$ 100	\$ (28)	\$128	NM

Operating Revenue. Passenger revenue increased due to increased traffic and fares on international flights and more regional flying. Consolidated revenue passenger miles for the quarter increased 8.3% year-over-year on a capacity increase of 5.5%, which produced a consolidated load factor for the second quarter of 2005 of 79.6%, up 2.0 points over the same period in 2004. Consolidated yield increased 3.2% year-over-year. Consolidated passenger revenue per available seat mile ("RASM") for the quarter increased 6.0% year-over-year due to higher load factors and yields. The improved RASM reflects recent domestic fare increases and our efforts to manage the revenue associated with the emerging trend of customers booking closer to flight dates, an improved mix of local versus flow traffic and our elimination of certain discount fares.

The table below shows passenger revenue for the quarter ended June 30, 2005 and period to period comparisons for passenger revenue, RASM and available seat miles ("ASMs") by geographic region for our mainline and regional operations:

	Passenger Revenue <u>(in millions)</u>	Percentage Increase (Decrease) in Second Quarter 2005 vs Second Quarter 2004		
		<u>Passenger Revenue</u>	<u>RASM</u>	<u>ASMs</u>
Domestic	\$1,241	5.2%	5.4%	(0.2)%
Trans-Atlantic	453	25.7%	9.5%	14.9 %
Latin America	265	8.8%	8.6%	0.2 %
Pacific	<u>178</u>	21.0%	4.3%	16.0 %
Total Mainline	2,137	10.7%	6.3%	4.2 %
Regional	<u>484</u>	17.1%	0.7%	16.3 %
Total System	<u>\$2,621</u>	11.8%	6.0%	5.5 %

Cargo, mail and other revenue increased 13.5% primarily due to increases in revenue associated with sales of mileage credits in our OnePass frequent flyer program and increases in freight fuel surcharges, partially offset by decreased military charter flights and lower freight and mail volumes.

Operating Expenses. Wages, salaries and related costs decreased 8.7% primarily due to wage concessions and a slight decrease in the average number of employees. Aircraft fuel and related taxes increased substantially due to a significant rise in fuel prices, combined with an increase in flight activity. The average jet fuel price per gallon including related taxes increased 47.3% from 113.35 cents in the second quarter of 2004 to 166.95 cents in the second quarter of 2005.

Payments made under our capacity purchase agreement are reported in ExpressJet capacity purchase, net. ExpressJet capacity purchase, net includes all of ExpressJet's fuel expense plus a margin on ExpressJet's fuel expense up to a cap provided in the capacity purchase agreement and a related fuel purchase agreement (which margin only applies to the first 71.2 cents per gallon, including fuel taxes) and is net of our rental income on aircraft we lease to ExpressJet. The net expense was higher in the second quarter of 2005 than in the corresponding quarter of 2004 due to increased flight activity at ExpressJet and increased fuel prices, offset in part by lower renegotiated rates effective January 1, 2005 under the capacity purchase agreement.

Landing fees and other rentals were higher due to fixed rent increases, mainly from the completion of Terminal E at Bush Intercontinental Airport in Houston. The lower depreciation and amortization in 2004 resulted from the permanent grounding of MD-80 aircraft in 2003 and 2004. Other operating expenses increased due to the higher number of international flights which resulted in increased air navigation, ground handling and related expenses.

In the second quarter of 2004, we recorded a special charge of \$30 million associated with future obligations for rent and return conditions related to six leased MD-80 aircraft which were permanently grounded.

Nonoperating Income (Expense). Income from affiliates includes income related to our tax sharing agreement with Holdings and our equity in the earnings of Holdings and Copa Airlines. Income related to our tax sharing agreement with Holdings was \$7 million in the second quarter of 2005 as compared to \$12 million in the second quarter of 2004. We also recognized a gain of \$47 million in the second quarter of 2005 related to the contribution of 6.1 million shares of Holdings common stock to our defined benefit pension plan.

Income Tax Benefit (Expense). During the first quarter of 2004, due to our continued losses, we concluded that we were required to provide a valuation allowance for deferred tax assets because we had determined that it was more likely than not that such deferred tax assets would ultimately not be realized. As a result, our net income for the second quarter of 2005 and net loss for the second quarter of 2004 were not reduced by any tax expense (benefit).

Segment Results of Operations

We have two reportable segments: mainline and regional. The mainline segment consists of flights with jets that have a capacity of greater than 100 seats while the regional segment consists of flights with jets that have a capacity of 50 or fewer seats. The regional segment is operated by ExpressJet through a capacity purchase agreement. Under that agreement, we handle all of the scheduling and are responsible for setting prices and selling all of the seat inventory. In exchange for ExpressJet's operation of the flights, we pay ExpressJet for each scheduled block hour based on an agreed formula. Under the agreement, we recognize all passenger, cargo and other revenue associated with each flight, and are responsible for all revenue-related expenses, including commissions, reservations, catering and terminal rent at hub airports.

We evaluate segment performance based on several factors, of which the primary financial measure is operating income (loss). However, we do not manage our business or allocate resources based on segment operating profit or loss because (1) our flight schedules are designed to maximize the passengers flying on both segments, (2) many operations of the two segments are substantially integrated (for example, airport operations, sales and marketing, scheduling and ticketing), and (3) management decisions are based on their anticipated impact on the overall network, not on one individual segment.

Mainline. Significant components of our mainline segment's operating results are as follows (in millions, except percentage changes):

	Three Months Ended June 30,	Increase	% Increase
	<u>2005</u>	<u>2004</u>	<u>(Decrease)</u>
		<u>(Decrease)</u>	<u>(Decrease)</u>

Operating Revenue	\$ <u>2,384</u>	\$ <u>2,139</u>	\$ <u>245</u>	11.5 %
Operating Expenses:				
Wages, salaries and related costs	638	699	(61)	(8.7)%
Aircraft fuel and related taxes	575	387	188	48.6 %
Aircraft rentals	158	158	-	-
Landing fees and other rentals	169	155	14	9.0 %
Distribution costs	131	119	12	10.1 %
Maintenance, materials and repairs	106	102	4	3.9 %
Depreciation and amortization	96	102	(6)	(5.9)%
Passenger services	80	73	7	9.6 %
Special charges	-	30	(30)	NM
Other	<u>274</u>	<u>246</u>	<u>28</u>	11.4 %
	<u>2,227</u>	<u>2,071</u>	<u>156</u>	7.5 %
Operating Income	\$ <u>157</u>	\$ <u>68</u>	\$ <u>89</u>	130.9 %

The variances in specific line items for the mainline segment are due to the same factors discussed under consolidated results of operations.

Regional. Significant components of our regional segment's operating results are as follows (in millions, except percentage changes):

	Three Months Ended June 30,		Increase	% Increase
	<u>2005</u>	<u>2004</u>	(Decrease)	(Decrease)
Operating Revenue	\$ <u>473</u>	\$ <u>414</u>	\$ <u>59</u>	14.3 %
Operating Expenses:				
Wages, salaries and related costs	11	12	(1)	(8.3)%
ExpressJet capacity purchase, net	382	328	54	16.5 %
Aircraft rentals	71	64	7	10.9 %
Landing fees and other rentals	12	8	4	50.0 %
Distribution costs	23	21	2	9.5 %
Depreciation and amortization	2	3	(1)	(33.3)%
Passenger services	4	3	1	33.3 %
Other	<u>6</u>	<u>3</u>	<u>3</u>	100.0 %
	<u>511</u>	<u>442</u>	<u>69</u>	15.6 %
Operating Loss	\$ <u>(38)</u>	\$ <u>(28)</u>	\$ <u>10</u>	35.7 %

The reported results of our regional segment do not reflect the total contribution of the regional segment to our system-wide operations. The regional segment generates additional revenues for the mainline segment as it feeds traffic between smaller cities and our mainline hubs.

The variances in specific line items for the regional segment are due to the same factors discussed under consolidated results of operations, with the exception of aircraft rentals. Regional aircraft rental expense increased due to the higher number of regional jets in ExpressJet's fleet. ExpressJet took delivery of 21 new regional jets during the year ended December 31, 2004 and 11 new regional jets during the first six months of 2005.

ExpressJet capacity purchase, net increased due to increased flight activity at ExpressJet, higher fuel costs and the higher number of regional jets leased from us by ExpressJet. The net amounts consist of the following (in millions, except percentage changes):

	Three Months Ended June 30,		Increase	% Increase
	<u>2005</u>	<u>2004</u>		
Capacity purchase expenses	\$388	\$371	\$17	4.6%
Fuel and fuel taxes in excess of 71.2 cents per gallon cap	70	27	43	159.3%
Aircraft sublease income	<u>(76)</u>	<u>(70)</u>	<u>6</u>	8.6%

Comparison of Six Months Ended June 30, 2005 to Six Months Ended June 30, 2004**Consolidated Results of Operations**

We recorded a consolidated net loss of \$86 million for the six months ended June 30, 2005 as compared to a consolidated net loss of \$183 million for the six months ended June 30, 2004. We consider the key measure of our performance to be operating income (loss), which was a loss of \$54 million for the six months ended June 30, 2005, as compared to a loss of \$97 million for the six months ended June 30, 2004. Significant components of our consolidated operating results are as follows (in millions, except percentage changes):

	Six Months		Increase (Decrease)	% Increase (Decrease)
	<u>Ended June 30,</u>			
	<u>2005</u>	<u>2004</u>		
Operating Revenue:				
Passenger	\$4,888	\$4,444	\$444	10.0 %
Cargo, mail and other	<u>474</u>	<u>416</u>	<u>58</u>	13.9 %
	<u>5,362</u>	<u>4,860</u>	<u>502</u>	10.3 %
Operating Expenses:				
Wages, salaries and related costs	1,364	1,399	(35)	(2.5)%
Aircraft fuel and related taxes	1,045	720	325	45.1 %
ExpressJet capacity purchase, net	735	645	90	14.0 %
Aircraft rentals	455	442	13	2.9 %
Landing fees and other rentals	352	323	29	9.0 %
Distribution costs	291	277	14	5.1 %
Maintenance, materials and repairs	218	214	4	1.9 %
Depreciation and amortization	197	208	(11)	(5.3)%
Passenger services	162	145	17	11.7 %
Special charges	43	85	(42)	NM
Other	<u>554</u>	<u>499</u>	<u>55</u>	11.0 %
	<u>5,416</u>	<u>4,957</u>	<u>459</u>	9.3 %
Operating Loss	<u>_(54)</u>	<u>_(97)</u>	<u>_(43)</u>	(44.3)%
Nonoperating Income (Expense)	<u>_(32)</u>	<u>_(126)</u>	<u>_(94)</u>	(74.6)%
Loss before Income Taxes	(86)	(223)	(137)	(61.4)%
Income Tax Benefit	<u>-</u>	<u>40</u>	<u>_(40)</u>	(100.0)%
Net Loss	\$ <u>_(86)</u>	\$ <u>_(183)</u>	\$ <u>_(97)</u>	(53.0)%

Operating Revenue. Passenger revenue increased due to increased traffic and fares on international flights and more regional flying. Consolidated revenue passenger miles for 2005 increased 9.8% year-over-year on a capacity increase of 4.8%, which produced a consolidated load factor for the first half of 2005 of 78.3%, up 3.6 points over the same period in 2004. Consolidated yield increased 0.2% year-over-year. Consolidated RASM for the six months ended June 30, 2005 increased 5.0% year-over-year primarily due to higher load factors. The improved RASM also reflects recent domestic fare increases and our efforts to manage the revenue associated with the emerging trend of customers booking closer to flight dates, an improved mix of local versus flow traffic and our efforts to reduce discounting.

The table below shows passenger revenue for the six months ended June 30, 2005 and period to period comparisons for passenger revenue, RASM and ASMs by geographic region for our mainline and regional operations:

	Passenger Revenue <u>(in millions)</u>	Percentage Increase (Decrease) in June 30, <u>2005 YTD vs June 30, 2004 YTD</u>		
		Passenger Revenue	RASM	ASMs
		Domestic	\$2,339	2.7%
Trans-Atlantic	764	26.9%	9.2 %	16.1 %

Latin America	553	10.5%	7.5 %	2.8 %
Pacific	<u>354</u>	19.0%	4.5 %	13.9 %
Total Mainline	4,010	9.0%	5.3 %	3.5 %
Regional	<u>878</u>	14.5%	(0.6)%	15.3 %
Total System	<u>\$4,888</u>	10.0%	5.0 %	4.8 %

Cargo, mail and other revenue increased 13.9% primarily due to increases in revenue associated with sales of mileage credits in our OnePass frequent flyer program, partially offset by a reduction in freight and mail volumes and decreased military charter flights.

Operating Expenses. Wages, salaries and related costs decreased 2.5% primarily due to wage concessions, partially offset by a slight increase in the average number of employees. Aircraft fuel and related taxes increased substantially due to a significant rise in fuel prices, combined with an increase in flight activity. The average jet fuel price per gallon including related taxes increased 43.7% from 108.88 cents in the first half of 2004 to 156.46 cents in the first half of 2005.

Payments made under our capacity purchase agreement are reported in ExpressJet capacity purchase, net. ExpressJet capacity purchase, net includes all of ExpressJet's fuel expense plus a margin on ExpressJet's fuel expense up to a cap provided in the capacity purchase agreement and a related fuel purchase agreement (which margin only applies to the first 71.2 cents per gallon, including fuel taxes) and is net of our rental income on aircraft we lease to ExpressJet. The net expense was higher in the first half of 2005 than in the corresponding six months of 2004 due to increased flight activity at ExpressJet and increased fuel prices, offset in part by lower renegotiated rates effective January 1, 2005 under the capacity purchase agreement.

Landing fees and other rentals were higher due to fixed rent increases, mainly from the completion of Terminal E at Bush Intercontinental Airport in Houston. The lower depreciation and amortization in 2004 resulted from the permanent grounding of MD-80 aircraft in 2003 and 2004. Other operating expenses increased due to the higher number of international flights which resulted in increased air navigation, ground handling and related expenses.

In March 2005, we recorded a \$43 million non-cash curtailment charge relating to our agreement to freeze, effective May 31, 2005, the benefit accruals with respect to our pilots under our defined benefit pension plan. In the first six months of 2004, we recorded fleet impairment losses and other special charges of \$85 million. Included in these charges were \$49 million associated with future obligations for rent and return conditions related to nine leased MD-80 aircraft which were permanently grounded and a non-cash charge of \$34 million related to the termination of a 1993 service agreement with United Micronesia Development Association.

Nonoperating Income (Expense). Income from affiliates includes income related to our tax sharing agreement with Holdings and our equity in the earnings of Holdings and Copa Airlines. Income related to our tax sharing agreement with Holdings was \$14 million in the six months ended June 30, 2005 as compared to \$24 million in the six months ended June 30, 2004. We also recognized gains of \$98 million in the six months ended June 30, 2005 related to the contribution of 12.1 million shares of Holdings common stock to our defined benefit pension plan.

Income Tax Benefit (Expense). During the first quarter of 2004, due to our continued losses, we concluded that we were required to provide a valuation allowance for deferred tax assets because we had determined that it was more likely than not that such deferred tax assets would ultimately not be realized. As a result, our net losses for the six months ended June 30, 2005 and a portion of the six months ended June 30, 2004 were not reduced by any tax benefit. Our effective tax rate for the first six months of 2004 also differs from the federal statutory rate of 35% primarily due to increases in the valuation allowance, certain expenses that are not deductible for federal income tax purposes and state income taxes.

Segment Results of Operations

Mainline. Significant components of our mainline segment's operating results are as follows (in millions, except percentage changes):

	Six Months Ended June 30,		Increase (Decrease)	% Increase (Decrease)
	2005	2004		
Operating Revenue	<u>\$4,505</u>	<u>\$4,092</u>	<u>\$413</u>	10.1 %
Operating Expenses:				
Wages, salaries and related costs	1,342	1,376	(34)	(2.5)%
Aircraft fuel and related taxes	1,045	720	325	45.1 %
Aircraft rentals	315	316	(1)	(0.3)%
Landing fees and other rentals	330	307	23	7.5 %
Distribution costs	246	237	9	3.8 %
Maintenance, materials and repairs	218	214	4	1.9 %
Depreciation and amortization	192	203	(11)	(5.4)%
Passenger services	155	140	15	10.7 %
Special charges	43	85	(42)	NM
Other	<u>544</u>	<u>492</u>	<u>52</u>	10.6 %
	<u>4,430</u>	<u>4,090</u>	<u>340</u>	8.3 %
Operating Income	<u>\$ 75</u>	<u>\$ 2</u>	<u>\$ 73</u>	NM

The variances in specific line items for the mainline segment are due to the same factors discussed under consolidated results of operations.

Regional. Significant components of our regional segment's operating results are as follows (in millions, except percentage changes):

	Six Months Ended June 30,		Increase	% Increase
	<u>2005</u>	<u>2004</u>	(Decrease)	(Decrease)
Operating Revenue	\$857	\$768	\$ 89	11.6 %
Operating Expenses:				
Wages, salaries and related costs	22	23	(1)	(4.3)%
ExpressJet capacity purchase, net	735	645	90	14.0 %
Aircraft rentals	140	126	14	11.1 %
Landing fees and other rentals	22	16	6	37.5 %
Distribution costs	45	40	5	12.5 %
Depreciation and amortization	5	5	-	-
Passenger services	7	5	2	40.0 %
Other	<u>10</u>	<u>7</u>	<u>3</u>	42.9 %
	<u>986</u>	<u>867</u>	<u>119</u>	13.7 %
Operating Loss	\$(129)	\$(99)	\$ 30	30.3 %

The reported results of our regional segment do not reflect the total contribution of the regional segment to our system-wide operations. The regional segment generates additional revenues for the mainline segment as it feeds traffic between smaller cities and our mainline hubs.

The variances in specific line items for the regional segment are due to the same factors discussed under consolidated results of operations, with the exception of aircraft rentals. Regional aircraft rental expense increased due to the higher number of regional jets in ExpressJet's fleet.

ExpressJet capacity purchase, net increased due to increased flight activity at ExpressJet, higher fuel costs and the higher number of regional jets leased from us by ExpressJet. The net amounts consist of the following (in millions, except percentage changes):

	Six Months Ended June 30,		Increase	% Increase
	<u>2005</u>	<u>2004</u>		
Capacity purchase expenses	\$763	\$735	\$28	3.8%
Fuel and fuel taxes in excess of 71.2 cents per gallon cap	123	48	75	156.3%
Aircraft sublease income	(151)	(138)	13	9.4%
ExpressJet capacity purchase, net	<u>\$ 735</u>	<u>\$ 645</u>	<u>\$ 90</u>	14.0%

Certain Statistical Information. An analysis of statistical information for our operations for the periods indicated is as follows:

	Three Months Ended June 30,		Net Increase/ (Decrease)
	<u>2005</u>	<u>2004</u>	
Mainline Statistics:			
Passengers (thousands) (1)	11,465	11,020	4.0 %
Revenue passenger miles (millions) (2)	18,046	16,829	7.2 %
Available seat miles (millions) (3)	22,456	21,547	4.2 %
Cargo ton miles (millions)	237	248	(4.4)%
Passenger load factor (4)	80.4%	78.1%	2.3 pts.
Passenger revenue per available seat mile (cents)	9.52	8.96	6.3 %
Total revenue per available seat mile (cents)	10.62	9.93	6.9 %
Average yield per revenue passenger mile (cents) (5)	11.84	11.47	3.2 %
Cost per available seat mile, including special charges (cents) (6)	9.92	9.61	3.2 %
Average price per gallon of fuel, including fuel taxes (cents)	166.95	113.35	47.3 %
Fuel gallons consumed (millions)	344	341	0.9 %
Average fare per revenue passenger	\$189.18	\$178.66	5.9 %
Actual aircraft in fleet at end of period (7)	348	352	(1.1)%
Average length of aircraft flight (miles)	1,374	1,323	3.9 %
Average daily utilization of each aircraft (hours) (8)	10:37	10:13	3.9 %
Regional Statistics:			
Passengers (thousands) (1)	4,075	3,538	15.2 %
Revenue passenger miles (millions) (2)	2,246	1,906	17.8 %
Available seat miles (millions) (3)	3,026	2,603	16.3 %
Passenger load factor (4)	74.2%	73.2%	1.0 pts.
Passenger revenue per available seat mile (cents)	16.00	15.89	0.7 %
Average yield per revenue passenger mile (cents) (5)	21.56	21.70	(0.6)%
Actual aircraft in fleet at end of period (7)	256	235	8.9 %

Consolidated Statistics (Mainline and Regional):

Passengers (thousands) (1)	15,540	14,558	6.7 %
Revenue passenger miles (millions) (2)	20,292	18,735	8.3 %
Available seat miles (millions) (3)	25,482	24,150	5.5 %
Passenger load factor (4)	79.6%	77.6%	2.0 pts.
Passenger revenue per available seat mile (cents)	10.29	9.71	6.0 %
Average yield per revenue passenger mile (cents) (5)	12.92	12.52	3.2 %

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	Six Months Ended		Net
	June 30,		Increase/
	2005	2004	(Decrease)

Mainline Statistics:

Passengers (thousands) (1)	22,063	20,937	5.4 %
Revenue passenger miles (millions) (2)	34,205	31,542	8.4 %
Available seat miles (millions) (3)	43,301	41,817	3.5 %
Cargo ton miles (millions)	497	498	(0.2)%
Passenger load factor (4)	79.0%	75.4%	3.6 pts.
Passenger revenue per available seat mile (cents)	9.26	8.79	5.3 %
Total revenue per available seat mile (cents)	10.40	9.79	6.2 %
Average yield per revenue passenger mile (cents) (5)	11.72	11.66	0.5 %
Cost per available seat mile, including special charges (cents) (6)	10.23	9.78	4.6 %
Average price per gallon of fuel, including fuel taxes (cents)	156.46	108.88	43.7 %
Fuel gallons consumed (millions)	668	661	1.1 %
Average fare per revenue passenger	\$184.54	\$178.99	3.1 %
Actual aircraft in fleet at end of period (7)	348	352	(1.1)%
Average length of aircraft flight (miles)	1,362	1,310	4.0 %
Average daily utilization of each aircraft (hours) (8)	10:23	9:54	4.9 %

Regional Statistics:

Passengers (thousands) (1)	7,598	6,431	18.1 %
Revenue passenger miles (millions) (2)	4,198	3,448	21.8 %
Available seat miles (millions) (3)	5,766	5,003	15.3 %
Passenger load factor (4)	72.8%	68.9%	3.9 pts.
Passenger revenue per available seat mile (cents)	15.23	15.32	(0.6)%
Average yield per revenue passenger mile (cents) (5)	20.91	22.23	(5.9)%
Actual aircraft in fleet at end of period (7)	256	235	8.9 %

Consolidated Statistics (Mainline and Regional):

Passengers (thousands) (1)	29,661	27,368	8.4 %
Revenue passenger miles (millions) (2)	38,403	34,990	9.8 %
Available seat miles (millions) (3)	49,067	46,820	4.8 %
Passenger load factor (4)	78.3%	74.7%	3.6 pts.
Passenger revenue per available seat mile (cents)	9.96	9.49	5.0 %
Average yield per revenue passenger mile (cents) (5)	12.73	12.70	0.2 %

1. Revenue passengers measured by each flight segment flown.

2. The number of scheduled miles flown by revenue passengers.

3. The number of seats available for passengers multiplied by the number of scheduled miles that those seats are flown.

4. Revenue passenger miles divided by available seat miles.

5. The average revenue received for each revenue passenger mile flown.

6. Includes special charges per available seat mile, as follows: none for the three months ended June 30, 2005, 0.14 cents for the three months ended June 30, 2004, 0.10 cents for the six months ended June 30, 2005 and 0.20 cents for the six months ended June 30, 2004.

7. Excludes aircraft that have been removed from service.

8. The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 2005, we had \$2.3 billion in consolidated cash, cash equivalents and short-term investments, which is \$618 million higher than at December 31, 2004. At June 30, 2005, we had \$241 million of restricted cash, which is primarily collateral for estimated future workers' compensation claims, credit card processing contracts, letters of credit and interest rate swap agreements. Restricted cash at December 31, 2004 totaled \$211 million.

For a discussion of a number of factors that may impact our liquidity and the sufficiency of our capital resources, see "Overview" above.

Although revenue trends have been improving as we operate during what is historically the strongest period of the year, we still expect to incur a significant loss in 2005 due in large part to current high fuel prices. We have been able to implement some fare increases on certain domestic and international routes in recent months, but these increases have not fully offset the substantial increase in fuel prices.

Absent adverse factors outside our control, such as additional terrorist attacks, hostilities involving the United States or further significant increases in fuel prices, we currently believe that our existing liquidity and projected 2006 cash flows will be sufficient to fund our current operations and other financial obligations through 2006. However, we have significant financial obligations due in 2007 and thereafter, and it is possible that we will have inadequate liquidity to meet those obligations if the current adverse domestic environment for network carriers does not improve materially, fuel prices remain high and we are unable to increase our revenue or decrease our costs considerably or raise additional liquidity through financing activities and/or by selling non-strategic assets. Our recent pay and benefit cost reductions will help us reduce our costs, but we do not expect that these reductions in and of themselves will restore our profitability in the current environment.

Operating Activities. Cash flows provided by operations for the six months ended June 30, 2005 were \$530 million compared to cash flows provided by operations of \$463 million in the comparable period of 2004. Cash flows from operations increased primarily due to advance ticket sales associated with increased international flight activity, partially offset by the contribution of \$50 million cash to our defined benefit pension plan in June 2005.

Investing Activities. Cash flows used in investing activities were \$10 million for the six months ended June 30, 2005 compared to cash flows provided by investing activities of \$11 million for the six months ended June 30, 2004. A significant component of cash provided by investing activities in the first six months of 2005 was our conversion of certain short-term auction rate certificates into short-term cash equivalents. The increase in purchase deposits paid in the first half of 2005 is due to the timing of aircraft deliveries. The delivery of the mainline aircraft in the first half of 2004 resulted in higher purchase deposit refunds as compared to the first half of 2005. We took delivery of 11 regional jets during the first six months of 2005, compared to 11 mainline aircraft (of which five were owned and six were leased) and 11 leased regional jets in the first six months of 2004.

We have substantial commitments for capital expenditures. Net capital expenditures for 2005 are expected to be \$235 million, or \$215 million when reduced by purchase deposits to be refunded, net of purchase deposits paid. Projected net capital expenditures for 2005 consist of \$80 million of fleet expenditures, \$120 million of non-fleet expenditures and \$35 million for rotatable parts and capitalized interest. Through June 30, 2005, our net capital expenditures totaled \$78 million and net purchase deposits paid totaled \$78 million.

Financing Activities. Cash flows provided by financing activities, primarily the issuance of new long-term debt offset by the payment of long-term debt and capital lease obligations, were \$182 million for the six months ended June 30, 2005, compared to cash flows used in financing activities of \$186 million in the six months ended June 30, 2004.

In June 2005, we and our two wholly owned subsidiaries, AMI and CMI, closed on a \$350 million secured loan facility. AMI and CMI have unconditionally guaranteed the loan made to us, and we and AMI have unconditionally guaranteed the loan made to CMI.

The facility consists of two loans, both of which have a term of six years and are non-amortizing, except for certain mandatory prepayments described below. The loans accrue interest at a floating rate determined by reference to the three-month London Interbank Offered Rate, known as LIBOR, plus 5.375% per annum. The loans and guarantees are secured by certain of our U.S.-Asia routes and related assets, all of the outstanding common stock of AMI and CMI and substantially all of the other assets of AMI and CMI, including route authorities and related assets.

The loan documents require us to maintain a minimum balance of unrestricted cash and cash equivalents of \$1.0 billion dollars at the end of each month. The loans may become due and payable immediately if we fail to maintain the monthly minimum cash balance and upon the occurrence of other customary events of default under the loan documents. If we fail to maintain a minimum balance of unrestricted cash and cash equivalents of \$1.125 billion, we and CMI will be required to make a mandatory aggregate \$50 million prepayment of the loans. In addition, if the ratio of the outstanding loan balance to the value of the collateral securing the loans, as determined by periodic appraisals, is greater than 48%, we and CMI will be required to post additional collateral or prepay the loans to reestablish a loan-to-collateral value ratio of not greater than 48%.

In March 2005, we extended our current agreement with Chase to jointly market credit cards. In addition to reaching an agreement on advertising and other marketing commitments, Chase agreed to increase the rate it pays for mileage credits under our frequent flyer program. In April 2005, Chase purchased \$75 million of mileage credits under the program which will be redeemed for mileage purchases in 2007 and 2008 and recognized as revenue consistent with other mileage sales in 2007 and 2008. In consideration for the advance purchase of mileage credits, we have provided a security interest to Chase in certain transatlantic routes. The \$75 million purchase of mileage credits has been treated as a loan from Chase and is reported as long-term debt in our balance sheet and will be reduced ratably in 2007 and 2008 as the mileage credits are redeemed. The new agreement extends through the end of 2009.

At June 30, 2005, we had approximately \$6.0 billion (including current maturities) of long-term debt and capital lease obligations. We do not currently have any undrawn lines of credit or revolving credit facilities and substantially all of our otherwise readily financeable assets are encumbered. However, our interests in Holdings and Copa Airlines remain unencumbered. We were in compliance with all debt covenants at June 30, 2005.

At June 30, 2005, our senior unsecured debt ratings were Caa2 by Moody's and CCC+ by Standard & Poor's. Reductions in our credit ratings may increase the cost and reduce the availability of financing to us in the future. We do not have any debt obligations that would be accelerated as a result of a credit rating downgrade. However, we would have to post additional collateral of approximately \$60 million under our new bank-issued credit card processing agreement if our debt rating falls below Caa3 as rated by Moody's or CCC- as rated by Standard & Poor's.

Our bank-issued credit card processing agreement also contains certain financial covenants which require, among other things, that we maintain a minimum EBITDAR (generally, earnings before interest, taxes, depreciation, amortization and rentals, adjusted for certain special charges) to fixed charges (generally, interest and aircraft rentals) ratio of 0.9 to 1.0 through June 30, 2006 and 1.1 to 1.0 thereafter. The liquidity covenant requires us to maintain a minimum level of \$1.0 billion of unrestricted cash and short-term investments. We are currently in compliance with all of the covenants. Failure to maintain compliance would result in our being required to post up to an additional \$370 million of cash collateral, which would adversely affect our liquidity. Depending on our unrestricted cash balance at the time, the posting of a significant amount of cash collateral could cause our unrestricted cash balance to fall below the \$1.0 billion minimum balance requirement under our \$350 million secured loan facility, resulting in a default under such facility.

Deferred Tax Assets. We have not paid federal income taxes in the last four years. As of December 31, 2004, we had a net deferred tax liability of \$212 million including gross deferred tax assets aggregating \$1.9 billion, \$1.2 billion related to net operating losses ("NOLs"), and a valuation allowance of \$404 million.

Section 382 of the Internal Revenue Code ("Section 382") imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. In the event of an ownership change, utilization of our NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate (which is 4.37% for June 2005). Any unused annual limitation may be carried over to later years. The amount of the limitation may, under certain circumstances, be increased by the built-in gains in assets held by us at the time of the change that are recognized in the five-year period after the change. If we were to have an ownership change under current conditions, our annual NOL utilization could be limited to approximately \$39 million per year, before consideration of any built-in gains.

The Internal Revenue Service ("IRS") is in the process of examining our income tax returns for years through 2001 and has indicated that it may disallow certain deductions we claimed. We believe the ultimate resolution of these audits will not have a material adverse effect on our financial condition, liquidity or results of operations.

Pension Plans. Under the new collective bargaining agreement that our pilots ratified on March 30, 2005, the benefit accruals with respect to the pilots under our defined benefit pension plan were frozen effective May 31, 2005, the assets and obligations related to pilots thereunder are being placed in a separate frozen defined benefit pension plan and we are obligated to establish and make contributions to a new defined contribution retirement program for pilots. All of the pilots' existing accrued benefits under our defined benefit plan at the date of the freeze have been preserved, including the right to receive a lump-sum payment upon retirement. Funding requirements under our pre-existing defined benefit pension plans (as well as the separate frozen defined benefit pension plan for pilots) will continue to be determined under applicable law. However, we have agreed with our pilots' union that we will not declare a cash dividend or repurchase our outstanding common stock for cash until we have contributed at least \$500 million to the frozen defined benefit pension plan for pilots, measured from March 30, 2005.

On January 6, 2005, we contributed 6.0 million shares of Holdings common stock valued at \$65 million to our defined benefit pension plan. On April 7, 2005, we contributed an additional 6.1 million shares of Holdings common stock valued at \$65 million to our defined benefit pension plan. On June 13, 2005, we contributed \$50 million cash to our defined benefit pension plan. On July 8, 2005, we contributed \$40 million cash to the pilots' new frozen defined benefit pension plan. Including these contributions totaling \$220 million, we currently expect to contribute a total of approximately \$304 million in 2005 to our defined benefit pension plan and the pilots' frozen defined benefit plan to meet each plan's minimum funding obligation, after taking into consideration the changes discussed above.

The agreement with our pilots provides for a new defined contribution retirement plan to be established effective September 1, 2005. That plan will be a money purchase pension plan that is also subject to minimum contribution rules under the Internal Revenue Code. Contributions under the new defined contribution plan will generally be specified percentages of applicable pilot compensation, subject to applicable legal limits. The initial contribution to be made under this plan will include a make-up contribution that is based on eligible compensation since July 1, 2005. Further, the agreement provides that the pilots' accounts under the 401(k) plan, which covers substantially all of our employees, will be spun off effective September 1, 2005 to a separate 401(k) plan for pilots. In accordance with the agreement, employer contributions will be made to the pilots' 401(k) plan, including potential additional contributions which will depend on our pre-tax profits during a portion of the term of the pilots' agreement. To the extent contributions to either plan are limited by applicable law, the difference between the contractual amounts and the amounts permitted by law to be contributed to the defined contribution plans will be paid directly to pilots under a corresponding nonqualified arrangement.

Liquidity and Credit Support Providers. We have utilized proceeds from the issuance of pass-through certificates to finance the acquisition of 252 leased and owned mainline jet aircraft currently in our fleet. Typically, these pass-through certificates, as well as a separate financing secured by aircraft spare parts and spare engines, contain liquidity facilities whereby a third party agrees to make payments sufficient to pay at least 18 months of interest on the applicable certificates if a payment default occurs. The liquidity providers for these certificates include the following: CALYON New York Branch, Landesbank Hessen-Thüringen Girozentrale, Morgan Stanley Capital Services, Westdeutsche Landesbank Girozentrale, AIG Matched Funding Corp., ABN AMRO Bank N.V., Credit Suisse First Boston, Caisse des Depots et Consignations, Bayerische Landesbank Girozentrale, ING Bank N.V. and De Nationale Investeringsbank N.V.

We are also the issuer of pass-through certificates secured by 101 leased regional jet aircraft. The liquidity providers for these certificates include the following: ABN AMRO Bank N.V., Chicago Branch, Citibank N.A., Citicorp North America, Inc., RZB Finance LLC and WestLB AG, New York Branch.

We currently utilize policy providers to provide credit support on four separate financings with an outstanding principal balance of \$595 million at June 30, 2005. The policy providers have unconditionally guaranteed the payment of interest on the notes when due and the payment of principal on the notes no later than 24 months after the final scheduled payment date. Policy providers on these notes are MBIA Insurance Corporation (a subsidiary of MBIA, Inc.), Ambac Assurance Corporation (a subsidiary of Ambac Financial Group, Inc.), Financial Security Assurance, Inc. (a subsidiary of Financial Security Assurance Holdings Ltd.) and Financial Guaranty Insurance Company (a subsidiary of FGIC). Financial information for FGIC is available over the internet at <http://www.fgic.com> and financial information for the parent companies of our other policy providers is available over the internet at the SEC's website at <http://www.sec.gov> or at the SEC's public reference room in Washington, D.C.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes in market risk from the information provided in Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our 2004 Form 10-K/A except as follows:

Foreign Currency. We had the following foreign currency hedges outstanding at June 30, 2005 covering net cash flows for the remainder of 2005:

- Forward contract to hedge approximately 60% of our projected Japanese yen-denominated net cash flows.
- Forward and option contracts to hedge approximately 36% of our British pound-denominated net cash flows.
- Forward and option contracts to hedge approximately 39% of our projected euro-denominated net cash flows.
- Forward contracts to hedge approximately 32% of our projected Canadian dollar-denominated net cash flows.

We estimate that at June 30, 2005, a 10% strengthening in the value of the U.S. dollar relative to the Japanese yen, British pound, euro and Canadian dollar would have increased the fair value of the existing option and/or forward contracts by \$13 million, \$5 million, \$3 million and \$1 million, respectively, offset by a corresponding loss on the underlying exposure of \$12 million, \$12 million, \$5 million and \$3 million, respectively, resulting in a net increase (decrease) in revenue of \$1 million, \$(7) million, \$(2) million and \$(2) million, respectively.

Aircraft Fuel. As of June 30, 2005, we did not have any jet fuel hedges in place.

Item 4. Controls and Procedures.

Restatement of Previous Filings

In mid-July 2005, we identified adjustments that were required to be recorded in prior periods relating to the way we accounted for (1) rent expense under operating leases for certain airport properties with fixed rent escalation clauses and (2) depreciation expense for leasehold improvements with respect to certain airport locations and other facilities. Descriptions of these adjustments follow:

- **Rent Expense.** Statement of Financial Accounting Standards No. 13, "Accounting for Leases," ("SFAS 13") as clarified by Financial Accounting Standards Board Technical Bulletin No. 85-3, "Accounting for Operating Leases with Scheduled Rent Increases," provides that rent expense under operating leases with fixed rent escalation clauses and lease incentives should be recognized evenly, on a straight-line basis over the lease term. Historically, we have accounted for all of our airport ground leases on an as-incurred basis. Based on an extensive review of our leases, we determined that some of our airport ground leases had fixed rent escalation clauses and that we were not recognizing rent expense appropriately. The adjustments recognized such rent expense on a straight-line basis in accordance with generally accepted accounting principles. The aggregate lease expense adjustment was \$82 million and covers the period from 1993 through March 31, 2005. The lease expense adjustment ranged from \$3 million to \$12 million per year.

- **Depreciation Expense for Leasehold Improvements.** The Office of the Chief Accountant of the Securities and Exchange Commission ("SEC") recently issued interpretive guidance clarifying its position that leasehold improvements in an operating lease should be depreciated by the lessee over the shorter of their economic lives or the remaining lease term, as defined in SFAS 13. Leasehold improvements for us are primarily at airport locations (e.g., capitalized construction costs of the ticketing area, gate area, airport lounges, etc.) or other leased facilities (i.e., office space, kitchens, maintenance and reservations). In practice, we had depreciated leasehold improvements over the useful life of the improvement when the lease term was less than 10 years. We followed this accounting practice due to our expectation that the lease would be renewed for at least the period over which the leasehold improvements were being depreciated. However, based on the recent interpretive guidance from the SEC staff, we have restated our financial statements to depreciate our leasehold improvements over the shorter of their economic lives or the remaining term of the lease. The aggregate depreciation expense adjustment was \$31 million and covers the period from 1993 through March 31, 2005. The adjustment ranged from \$1 million to \$6 million per year.

After management's initial review of our lease agreements and our historical accounting, on July 14, 2005, management recommended to the Audit Committee that, upon completion of our analysis of the impact of the items described above, our previously filed financial statements be restated to reflect the correction of these items. The Audit Committee agreed with this recommendation. On July 19, 2005, upon completion of our analysis, the Audit Committee approved our restated financial statements that were included in Amendment No. 1 to each of our Form 10-K for the year ended December 31, 2004 and Form 10-Q for the quarter ended March 31, 2005, each of which was filed with the SEC on July 20, 2005.

Evaluation of Disclosure Controls and Procedures

In connection with the restatement, we reevaluated our disclosure controls and procedures. We concluded that our failure to correctly apply SFAS 13, and its related interpretations, with respect to the recognition of rent expense on operating leases with fixed rent escalation clauses and depreciation expense for leasehold improvements constituted a material weakness in our internal control over financial reporting. Solely as a result of this material weakness, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of June 30, 2005.

Remediation of Material Weakness in Internal Control

We have performed an extensive review of our leases and our leasehold improvements in an effort to ensure that the restated financial statements reflect all necessary adjustments. We have also designed new internal control procedures to help remediate the issues and to ensure that new leases and changes to existing leases, as well as future leasehold improvements, will be accounted for in accordance with generally accepted accounting principles, including the following:

- We have designed a new checklist to facilitate the identification of terms in all new lease agreements and amendments to existing lease agreements that require additional analysis or accounting; and
- We have developed plans to improve training, education and accounting reviews designed to ensure that all relevant personnel involved in leasing transactions understand and apply applicable accounting guidance in compliance with generally accepted accounting principles.

We believe we have taken the steps necessary to remediate this material weakness relating to our lease accounting processes, procedures and controls; however, we cannot confirm the effectiveness of our enhanced internal controls with respect to our lease accounting until we and our independent auditors have conducted sufficient testing.

Accordingly, we will continue to monitor vigorously the effectiveness of these processes, procedures and controls and will make any further changes management determines appropriate.

Changes in Internal Controls. Other than as noted above in this Item 4, there were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) identified in connection with the evaluation of our internal controls performed during the second quarter 2005 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

During the period between 1997 and 2001, we reduced or capped the base commissions that we paid to travel agents, and in 2002 we eliminated the base commissions. This was similar to actions also taken by other air carriers. We are now a defendant, along with several other air carriers, in a number of lawsuits brought by travel agencies relating to these base commission reductions and eliminations.

Several travel agents who purportedly opted out of a prior class action entitled Sarah Futch Hall d/b/a/ Travel Specialists v. United Air Lines, et al. (U.S.D.C., Eastern District of North Carolina), in which the defendant airlines prevailed on summary judgment that was upheld on appeal, filed similar suits against Continental and other major carriers alleging violations of antitrust laws in reducing and ultimately eliminating the base commission formerly paid to travel agents. These pending cases are Tam Travel, Inc. v. Delta Air Lines, Inc., et al. (U.S.D.C., Northern District of California), filed on April 9, 2003; Paula Fausky, et al. v. American Airlines, et al. (U.S.D.C., Northern District of Ohio), filed on May 8, 2003; and Swope Travel Agency, et al. v. Orbitz LLC et al. (U.S.D.C., Eastern District of Texas), filed on June 5, 2003. By order dated November 10, 2003, these actions were transferred and consolidated for pretrial purposes by the Judicial Panel on Multidistrict Litigation to the Northern District of Ohio. Discovery has recently commenced.

In each of the foregoing cases, we believe the plaintiffs' claims are without merit and are vigorously defending the lawsuits. Nevertheless, a final adverse court decision awarding substantial money damages could have a material adverse effect on our financial condition, liquidity and results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

Continental's Annual Meeting of Stockholders was held on June 16, 2005. The following individuals were elected to Continental's Board of Directors to hold office for the ensuing year:

<u>NOMINEE</u>	<u>VOTES FOR</u>	<u>VOTES WITHHELD</u>
Thomas J. Barrack, Jr.	54,774,212	3,011,857
Kirbyjon H. Caldwell	54,747,185	3,038,884
Lawrence W. Kellner	55,342,193	2,443,876
Douglas H. McCorkindale	55,347,790	2,438,279
Henry L. Meyer III	55,320,247	2,465,822
Oscar Munoz	55,330,023	2,456,046
George G. C. Parker	55,297,546	2,488,523
Jeffery A. Smisek	55,215,207	2,570,862
Karen Hastie Williams	54,180,819	3,605,250
Ronald B. Woodard	55,285,755	2,500,314
Charles A. Yamarone	54,419,366	3,366,703

A proposal to re-approve the material terms of the performance goal under the performance award provisions of Continental's Incentive Plan 2000 was voted on by the stockholders as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstaining</u>
56,310,393	1,321,148	154,528

A proposal to ratify the appointment of Ernst & Young LLP as Continental's independent registered public accounting firm for the fiscal year ending December 31, 2005 was voted on by the stockholders as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstaining</u>
57,013,806	712,937	59,326

Item 5. Other Information.

None.

Item 6. Exhibits.

- 10.1 Supplemental Agreement No. 21 dated as of June 1, 2003 to Agreement of Lease between the Company and the Port Authority of New York and New Jersey regarding Terminal C at Newark Liberty International Airport.
- 10.2 Credit and Guaranty Agreement dated as of June 1, 2005 among Continental and Continental Micronesia, Inc., as borrowers and guarantors, Air Micronesia, Inc., as a guarantor, Merrill Lynch Mortgage Capital Inc., as administrative agent, and the lenders party thereto. (1)
- 10.3 Supplemental Agreement No. 34 dated June 22, 2005 to Purchase Agreement No. 1951 between Continental and The Boeing Company, dated July 23, 1996, relating to the purchase of Boeing 737 aircraft ("P.A. 1951"). (1)
- 10.4 Supplemental Agreement No. 35 dated June 30, 2005 to P.A. 1951. (1)
- 10.5 Supplemental Agreement No. 1, dated as of June 30, 2005, to Purchase Agreement No. 2484 between Continental and The Boeing Company, dated December 29, 2004, relating to the purchase of Boeing 787 aircraft. (1)
- 10.6 Amendment No. 32 dated as of May 31, 2005, to Purchase Agreement No. GPJ-003/96, between Empresa Brasileira de Aeronautica S.A. and ExpressJet Airlines, Inc. (successor in interest to Continental Express, Inc.) dated August 5, 1996 relating to the purchase of EMB 145 aircraft. (1)
- 31.1 Rule 13a-14 (a)/15d-14 (a) Certification of Chief Executive Officer.
- 31.2 Rule 13a-14 (a)/15d-14 (a) Certification of Chief Financial Officer.
- 32 Section 1350 Certifications.

1. Continental has applied to the Commission for confidential treatment of a portion of this exhibit.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONTINENTAL AIRLINES, INC.
Registrant

Date: July 21, 2005 by: /s/ Jeffrey J. Misner
Jeffrey J. Misner
Executive Vice President and
Chief Financial Officer
(On behalf of Registrant)

Date: July 21, 2005 by: /s/ Chris Kenny
Chris Kenny
Vice President and Controller
(Principal Accounting Officer)

INDEX TO EXHIBITS OF CONTINENTAL AIRLINES, INC.

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1. Continental has applied to the Commission for confidential treatment of a portion of this exhibit.

THIS AGREEMENT SHALL NOT BE BINDING
UPON THE PORT AUTHORITY UNTIL DULY
EXECUTED BY AN EXECUTIVE OFFICER
THEREOF AND DELIVERED TO THE LESSEE
BY AN AUTHORIZED REPRESENTATIVE OF THE
PORT AUTHORITY
Newark International Airport
Supplement No. 21
Port Authority Lease No. ANA-170
TWENTY-FIRST SUPPLEMENTAL AGREEMENT

THIS AGREEMENT ("Supplemental Agreement" or "Supplement No. 21"), made as of June 1, 2003 by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth bearing Port Authority identification number ANA-170 (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease"); and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was hereto fore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease to provide for the replacement of certain preliminary exhibits attached to Supplement No. 17 of the Lease as preliminary exhibits A-1 and B-1 with final exhibits showing the applicable areas based on the Port Authority's determination of the final metes and bounds for the applicable areas shown thereon as more fully described below, and to adjust the rentals under the Lease in connection with said determination of final metes and bounds as hereinafter set forth:

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the June 1, 2003, unless otherwise expressly stated, as follows:

1. (a) Exhibit A-1 attached hereto and consisting of two pages, the first page marked as "Exhibit A-1 (1 of 2), numbered as "EWR02-10-1" and the second page marked as "Exhibit A-1 (2 of 2), numbered as "EWR02-10-2", and hereby made a part hereof, shall from and after September 1, 1999 (the Effective Date of Supplement No. 17 of the Lease) be deemed to be Exhibit A-1 to the Lease in lieu of Exhibit A-1 which was marked as "PRELIMINARY" and attached to Supplement No. 17 of the Lease, and the ground areas added to Area C-3 pursuant to and as described in Paragraph 1(a) of Supplement No. 17 of the Lease as "Added Area 1" shown thereon, and "Added Area 3" shown in cross-hatch thereon are and shall be deemed shown, based on the Port Authority's determination of the final metes and bounds for the said Areas, on Exhibit A-1 attached hereto to this Supplement No. 21.

(b) Exhibit B-1 attached hereto and consisting of two pages, the first page marked as "Exhibit B-1 (1 of 2), numbered as "EWR02-09-1" and the second page marked as "Exhibit B-1 (2 of 2), numbered as "EWR02-09-2", and hereby made a part hereof, shall from and after the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) be deemed to be Exhibit B-1 to the Lease in lieu of Exhibit B-1 which was marked as "PRELIMINARY" and attached to Supplement No. 17 of the Lease, and the ground areas added to the C-1 and C-2 portions of the premises as the "Added Area 4" shown in diagonal hatch and in crosses thereon pursuant to and as described in Paragraph 1(b) of Supplement No. 17 of the Lease are and shall be deemed shown, based on the Port Authority's determination of final metes and bounds, on Exhibit B-1 attached hereto to this Supplement No. 21.

(d) The term "Added Area 3 Effective Date" as defined in subparagraph (a) of Paragraph 1 (on page 2) of Supplement No. 17 of the Lease is hereby amended to read as follows:

" 'Added Area 3 Effective Date' shall mean December 6, 2001."

2. (a) Paragraph 12 of Supplement No. 15 of the Lease as amended and restated in Paragraph 3 of Supplement No. 17 of the Lease is hereby further amended and restated to read as follows:

"I. It is hereby agreed that, from and after the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) and continuing up to and including the expiration date of the term of the letting of the Area C-3 portion of the premises (March 31, 2028), in addition to the Base Annual Rental under Section 5 of the Lease and in addition to all other rentals, fees and charges under the Lease, the Lessee shall. Pay to the Port Authority rental for Area C-3 as follows:

Area C-3 rental: For the period commencing on the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) to and including December 31, 2003, rental for Area C-3 at an annual rate consisting of (i) a Facility Factor, as hereinafter defined, consisting of the sum of (x) the amount of Seven Million Seven Hundred Forty-eight Thousand Nine Hundred Eighty Dollars and Twenty-two Cents (\$7,748,980.22) plus (y) effective as of the Added Area 3 Effective Date (December 6, 2001), the Added Area 3 Amount as hereinafter defined, plus (ii) the Airport Services Factor, as the same shall then have been adjusted in accordance with Schedule A attached to the Lease, as herein amended, based upon a 1998 final Airport Services Factor in the amount of (x) One Million Eight Hundred Seventy-three Thousand Nine Hundred Forty-eight Dollars and No Cents (\$1,873,948.00) plus (y) effective as of the Added Area 3 Effective Date (December 6, 2001), Six Hundred Twenty Thousand Two Hundred Forty-two Dollars and No Cents (\$620,242.00), which annual rate shall be increased from time to time as provided in subdivision II below and Schedule A of the Lease, as herein amended, ("Area C-3 rental"). The Lessee shall pay the Area C-3 rental, as the same shall then have been determined based upon the aforesaid adjustments, monthly in advance on the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) and on the first day of each and every succeeding month in equal installments until such time as the aforesaid annual rate has been further increased in accordance with subdivision II below and Schedule A of the Lease, as herein amended, which adjusted annual rate shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said annual rate as so adjusted.

"Added Area 3 Amount" shall mean the component of the Facility Factor of the Area C-3 rental which shall be included therein effective as of the Added Area 3 Effective Date (December 6, 2001) at the initial annual rate of Four Hundred Seventeen Thousand Six Hundred Fifty-three Dollars and Eighty-three Cents (\$417,653.83), subject to the increases pursuant to subdivision II below.

The Area C-3 rental amounts set forth above and in subdivision II below are based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2 and Added Area 3, as more fully described in Paragraph 3A of Supplement No. 17 of the Lease.

II. (a) For the aforesaid period from the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) to and including December 31, 2003, the Area C-3 rental payable under subdivision I of this Paragraph 3 is made up of two factors, one, a variable factor herein called the "Facility Factor", represents as of September 1, 1999 the sum of (x) the amount of Seven Million Seven Hundred Forty-eight Thousand Nine Hundred Eighty Dollars and Twenty-two cents (\$7,748,980.22) plus (y) the Added Area 3 Amount, as above defined, of the aforesaid annual rentals and the other, a variable factor herein called the "Airport Services Factor", represents the Airport Services Factor under the Lease, as the same shall have then been adjusted in accordance with Schedule A, as herein amended, based upon a total 1998 final Airport Services Factor in the amount of (x) One Million Eight Hundred Seventy-three Thousand Nine Hundred Forty-eight Dollars and No Cents (\$1,873,948.00) plus (y) effective as of the Added Area 3 Effective Date (December 6, 2001), Six Hundred Twenty Thousand Two Hundred Forty-two Dollars and Non Cents (\$620,242.00), of the total aforesaid annual rentals.

(b) Increases in the annual rate of the Facility Factor of the Area C-3 rental: On January 1, 2004 and on each succeeding fifth (5th) anniversary of said date, the Facility Factor (each component) of the Area C-3 rental payable by the Lessee under subdivision I above shall be increased by multiplying the Facility Factor (each component) in effect on December 31, 2003 and on each succeeding fifth (5th) anniversary of said date, as the case may be, by a percentage equal to 21.6653% plus 100%. Accordingly,

(i) for the period from January 1, 2004 to and including December 31, 2008, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3, shall represent the sum of (x) the amount of Nine Million Four Hundred Twenty-seven Thousand Eight Hundred Twenty Dollars and Four Cents (\$9,427,820.04), plus (y) Five Hundred Eight Thousand One Hundred Thirty-nine Dollars and Seventy-nine Cents (\$508,139.79) (the Added Area 3 Amount in effect on December 31, 2003 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(ii) for the period from January 1, 2009 to and including December 31, 2013, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Eleven Million Four Hundred Seventy Thousand Three Hundred Eighty-five Dollars and Fifty-three Cents (\$11,470,385.53), plus (y) Six Hundred Eighteen Thousand Two Hundred Twenty-nine Dollars and Eighty Cents (\$618,229.80) (the Added Area 3 Amount in effect on December 31, 2008 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(iii) for the period from January 1, 2014 to and including December 31, 2018, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Thirteen Million Nine Hundred Fifty-five Thousand Four Hundred Seventy-eight Dollars and Ninety-seven Cents (\$13,955,478.97), plus (y) Seven Hundred Fifty-two Thousand One Hundred Seventy-one Dollars and Fourteen Cents (\$752,171.14) (the Added Area 3 Amount in effect on December 31, 2013 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(iv) for the period January 1, 2019 to and including December 31, 2023, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Sixteen Million Nine Hundred Seventy-eight Thousand Nine Hundred Seventy-five Dollars and Thirty-five Cents (\$16,978,975.35), plus (y) Nine Hundred Fifteen Thousand One Hundred Thirty-one Dollars and Twenty-seven Cents (\$915,131.27) (the Added Area 3 Amount in effect on December 31, 2018 increased by multiplying the same by a percentage equal to 21.6653% plus 100%); and

(v) for the period January 1, 2024 to and including December 31, 2028, the Facility Factor of the Area C-3 rental payable under subdivision I of this Paragraph 3 shall represent the sum of (x) the amount of Twenty Million Six Hundred Fifty-seven Thousand Five Hundred Twenty-one Dollars and Thirty Cents (\$20,657,521.30), plus (y) One Million One Hundred Thirteen Thousand Three Hundred Ninety-seven Dollars and Twenty-one Cents (\$1,113,397.21) (the Added Area 3 Amount in effect on December 31, 2023 increased by multiplying the same by a percentage equal to 21.6653% plus 100%).

(c) After December 31, 1998 and after the close of each calendar year thereafter, the Port Authority will continue to adjust the Airport Services Factor of the Area C-3 rental payable by the Lessee under subdivision I of this Paragraph 3, such adjustment to be made as provided in Schedule A, as herein amended.

(d) The Lessee shall pay the total Area C-3 rentals payable by the Lessee under this Paragraph, as the same have been adjusted in accordance with subparagraphs (b) and (c) of this subdivision II of this Paragraph, monthly in advance on the Effective Date of Supplement No. 17 of the Lease (September 1, 1999) and on the first day of each and every succeeding month in equal installments until such time as the said total Area C-3 rentals have been further adjusted in accordance with this Paragraph and Schedule A, as herein amended, which adjusted total annual rentals shall remain in effect until the next adjustment and the monthly installments payable after each such adjustment shall be equal to one-twelfth (1/12th) of said total annual rentals as so adjusted.

The Area C-3 rental set forth above in subdivision I above and in this subdivision II are based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2 and Added Area 3 as more fully describe in Paragraph 3A of Supplement No. 17 of the Lease. Pursuant to said Paragraph 3A of Supplement No. 17 of the Lease the adjustments in the Area C-3 rental as reflected above shall have retroactive effect to the Effective Date of said Supplement No. 17 of the Lease (September 1, 1999).

(e) In the event the term of the letting of Area C-3 shall expire on a day other than the last day of a month, the monthly installment of rentals for Area C-3 for said month shall be the monthly installment prorated on a daily basis using the actual number of days in the said month.

(f) The Lessee understands and agrees that, while the term of the letting of Area C-3 of the premises under the Lease as extended under Supplement No. 17 to the Lease shall expire on March 31, 2028, the final Airport Services Factor for the year 2028 will not be determined for some months after such expiration and that the Lessee's obligation to pay any deficiency in the Area C-3 rental for the year 2028 or the Port Authority's obligation to pay a refund in said rentals resulting from the determination of the final Airport Services Factor for the year 2027 or the year 2028 shall survive such expiration of the Lease and shall remain in full force and effect until such deficiency or refund, if any, is paid. The Lessee hereby specifically acknowledges that neither the survival of the obligation with respect to any such deficiency or refund nor any other provision of this Supplemental Agreement shall grant or shall be deemed to grant any rights whatsoever to the Lessee to have the term of the letting of Area C-3 under the Lease, or any portion of the premises thereunder, extended for any period beyond March 31, 2028 or affect in any way the Port Authority's right to terminate the Lease, or any portion of the premises thereunder, as provided therein.

- a. If any installment of Area C-3 rental payable hereunder shall be for less than a full calendar month, then the Area C-3 rental payment for the portion of the month for which said payment is due shall be the monthly installment prorated on a daily basis using the actual number of days in that said month.
- b. Upon any termination of letting hereunder (even if stated to have the same effect as expiration), the Lessee shall within twenty (20) days after the effective date of such termination, make a payment of the Area C-3 rental computed as follows: if the letting hereunder is terminated effective on a date other than the last day of a month the rental for the portion of that month in which the letting remains effective shall be the amount of the monthly installment of rental prorated on a daily basis, and if the monthly installment of rental prorated on a daily basis, and if the monthly installment due on the first day of that month has not been paid the Lessee shall pay the prorated part of the amount of that installment; if the monthly installment has been paid, then the excess thereof shall be credited to the Lessee's obligations.
- c. Nothing contained in the foregoing shall affect the survival obligations of the Lessee as set forth in Section 27 thereof.
- d. For purposes of subparagraph (f) above with respect to any deficiency or refund, any termination of the Lease, other than a termination under Section 24 hereof, shall be deemed to have the same effect as the expiration thereof."

3. Paragraph (c) of Supplement No. 17 of the Lease is hereby amended to read as follows:

"Paragraph III of Schedule A of the Lease as previously amended shall be further amended by adding at the end thereof the following:

'For the calendar year 1999 adjustment it is hereby agreed that the denominator representing the actual percentage of total developed land occupied by the Lessee's premises excluding Area C-3 shall be 4.339%; and that the denominator representing the actual percentage of total

developed land occupied by the Area C-3 portion of the Lessee's premises shall be 2.518%; and for the said calendar year 1999 adjustment the denominator of the fraction referred to in the beginning of this Paragraph III constituting the total of the major elements of costs actually incurred or accrued as determined for the 1998 calendar year shall be \$38,210,614. The said percentages are based on the Port Authority's determination of the final metes and bounds of Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as reflected in Supplement No. 21 of the Lease. The aforesaid percentage to be used for the Lessee's premises excluding Area C-3 (as defined in Paragraph 1(a) of Supplement No. 17 of the Lease) shall be increased to 3.352% effective from the after and Added Area 3 Effective Date (as defined in Paragraph 1 (e) of Supplement No. 21 of the Lease).'

4. (a) Subparagraphs (3) and (4) of paragraph (b) of Section 5 of the Lease, as previously amended and as set forth in Paragraph 7 of Supplement No. 17 of the Lease shall be deemed amended to read as follows:

3. (i) For the portion of the term of the Lease commencing on August 1, 1996 to August 31, 1999 (the day preceding the Effective Date of Supplement No. 17 of the Lease), a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Five Hundred Eighty-Five Thousand Three Hundred Forty-eight Dollars and No Cents (\$33,585,348.00) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (1) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (3)(i), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3)(i) and which shall be subject to further adjustment as provided in paragraph (c) provided in paragraph (c) hereof.

i. For the portion of the term of the Lease commencing on September 1, 1999 (the Effective Date of Supplement No. 17 of the Lease) to November 30, 2004, a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-three Million Eight Hundred Forty-Two Thousand Six Hundred Ninety-nine Dollars and Seventy-two Cents (\$33,842,699.72) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor in the amount of Three Million Two Hundred Twenty-nine Thousand Nine Hundred Sixty-six Dollars and No Cents (\$3,229,966.00) and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (3)(ii) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

The Base Annual Rental amounts (constant factor and Airport Services Factor) set forth in this subparagraph (b)(3) (ii) reflect the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease and in Paragraphs 1, 2 and 3 of Supplement No. 21 of the Lease. Pursuant to said Paragraph 3A of Supplement No. 17 of the Lease the adjustments in the Base Annual Rental as reflected above shall have retroactive effect to the Effective Date of said Supplement No. 17 of the Lease (September 1, 1999).

"(4) For the portion of the term of the Lease commencing on December 1, 2004 to March 31, 2013 (the expiration date of the term of the letting of the premises exclusive of Area C-3) a Base Annual Rental for the premises (exclusive of Area C-3 and the Area C-3 rental) at an annual rate consisting of two factors, one a constant factor in the amount of Thirty-nine Million Four Hundred Sixty-three Thousand Nine Hundred Seventy-two Dollars and Sixty-four Cents (\$39,463,972.64) subject to adjustment as provided in paragraph (c) hereof, and the other the Airport Services Factor which shall consist of the Airport Services Factor in the amount set forth in subparagraph (3)(ii) above as the same shall have been adjusted in accordance with paragraph (c) hereof for each calendar year preceding the commencement date of the portion of the term specified in this subparagraph (4), and which shall be the Airport Services Factor in effect on the date of the commencement of the Base Annual Rental provided for in this subparagraph (4) and which shall be subject to further adjustment as provided in paragraph (c) hereof.

The constant factor of the Base Annual Rental set forth in this subparagraph (b)(4) above as well as the Airport Services Factor reflect the adjustments based on the Port Authority's determination of the final metes and bounds of Added Area 4 as more fully described in Paragraph 3A of Supplement No. 17 of the Lease and in Paragraphs 1, 2 and 3 of Supplement No. 21 of the Lease."

a. The last five (5) lines of subparagraph (1) of paragraph (c) of Section 5 of the Lease, as previously amended and as set forth in Paragraph 7 of Supplement No. 17 of the Lease shall be amended to read as follows:

"of the terms specified in subparagraph (b) (3) (i) above the constant factor of \$33,585,348 shall remain unchanged; and for the portion of the term specified in subparagraph (b) (3) (ii) above the constant factor of \$33,842,699.72 shall remain unchanged; and for the portion of the term specified in subparagraph (b)(4) above the constant factor of \$39,463,972.64 shall remain unchanged."

5. (a) Pursuant to Paragraph 3A of Supplement No. 17 of the Lease the adjustments in the Area C-3 rental and the Base Annual Rental as a result of the Port Authority's final determination of the metes and bounds for the ground areas added to the premises under the Lease pursuant to Paragraph 1 of Supplement No. 17 of the Lease as reflected in the foregoing Paragraphs 1 through 4 of this Supplement No. 21 are retroactive to the Effective Date of said Supplement No. 17 of the Lease (September 1, 1999), and accordingly the Lessee shall promptly pay to the Port Authority any and all amounts owing to the Port Authority based on said adjustments of the Area C-3 rental and the Base Annual Rental as reflected in the foregoing, with an appropriate credit to the Lessee against the obligations of the Lessee under this Lease if any amount is due to the Lessee resulting from such adjustments.

a. Execution by the Lessee of this Supplement No. 21 and delivery thereof to the Port Authority shall be made by the Lessee within ten (10) business days after this Supplement No. 21 was sent to the Lessee by the Port Authority as described in Paragraph 3A of Supplement No. 17 and subject to the proviso set forth therein. Without limiting or impairing Paragraph 3A of Supplement No. 17 of the Lease or any other term or provision of the Lease, as hereby amended, and in accordance with the foregoing subparagraph (a) of this Paragraph 5, the Lessee shall, and hereby agrees to pay to the Port Authority upon the execution by the Lessee of this Supplement No. 21 and delivery thereof to the Port Authority (which execution and delivery of this Supplement No. 21 shall be made by the Lessee within ten (10) business days after this Supplement No. 21 was sent to the Lessee by the Port Authority as described in Paragraph 3A of Supplement No. 17) with respect to the period from September 1, 1999 through and including May 31, 2003, the amount of Seven Hundred Eighty-two Thousand Fifty-nine Dollars and Forty-five Cents (\$782,059.45); said amount represents monies due to the Port Authority with respect to the period from September 1, 1999 through and including May 31, 2003 arising from the adjustment of the Area C-3 rental and the adjustment of the Base Annual Rental provided for in this Supplement No. 21 resulting from the Port Authority's determination of the final metes and bounds of the Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as described above in paragraphs 1, 2 and 3 hereof. It is specifically agreed that the said amount of Seven Hundred Eighty-two Thousand Fifty-nine Dollars and Forty-five Cents (\$782,059.45) consists of the sum of Five Hundred Four Thousand Five Hundred Thirty Dollars and Fifty-two Cents (\$504,530.52) as the additional amount due to the Port Authority for the period from September 1, 1999 through May 31, 2003 with respect to the Facility Factor of the Area C-3 rental plus Nine Hundred Eighty-six Thousand Five Hundred Fourteen Dollars and Ninety-three Cents (\$986,514.93) as the additional amount due to the Port Authority for the period from September 1, 1999 through May 31, 2003 with respect to the constant factor of the Base Annual Rental, after the application of a credit in the amount of Seven Hundred Eight Thousand Nine Hundred Eighty-six Dollars and No Cents (\$708,986.00) to the Lessee against its rental obligations under the Lease with respect to the adjustments in the Airport Services Factor of the Base Annual Rental and the Area C-3 rental for the period from September 1, 1999 through May 31, 2003 resulting from the Port Authority's determination of the final metes and bounds of the Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as described above in Paragraphs 1, 2, 3 and 4 hereof.

Neither the foregoing provisions nor the payment by the Lessee of the aforesaid amount of \$782,059.45 shall or shall be deemed to release or relieve the Lessee from its obligations to pay to the Port Authority all monies due and owing to the Port Authority for any period subsequent to May 31, 2003 resulting from the Port Authority's determination of the final metes and bounds of the Added Area 1, Added Area 2, Added Area 3 and Added Area 4, as described above in Paragraphs 1, 2, 3 and 4 hereof.

6. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Supplemental Agreement

7. No Commissioner, director, officer, agent or employee of any party to this Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted breach thereof.

8. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

9. This Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and Lessee. The Lessee and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents of the date first above written.

ATTEST: THE PORT AUTHORITY OF NEW YORK

AND NEW JERSEY

/s/ Karen Eastman By /S/ Joanne Ciccoello

Secretary

(Title) Manager, Properties and Commercial Development

Seal

ATTEST: CONTINENTAL AIRLINES, INC.

/s/ J.W. By /S/ Holden Shannon

Secretary

(Title) Senior Vice President Global Real Estate and Security

Seal

CREDIT AND GUARANTY AGREEMENT

Dated as of June 1, 2005

Among

CONTINENTAL AIRLINES, INC.,

and

CONTINENTAL MICRONESIA, INC.,

as Borrowers and Guarantors,

AIR MICRONESIA, INC.,

as a Guarantor,

and

EACH OF THE LENDERS SIGNATORY HERETO,
as Lenders,

and

MERRILL LYNCH MORTGAGE CAPITAL INC.,
as Administrative AgentMERRILL LYNCH MORTGAGE CAPITAL INC.
as Sole Book Runner and Sole Lead Arranger

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CREDIT AND GUARANTY AGREEMENT dated as of June 1, 2005 (this "Agreement"), among CONTINENTAL AIRLINES, INC., a Delaware corporation ("Continental") and CONTINENTAL MICRONESIA, INC., a Delaware corporation ("CMI") (each, individually, a "Borrower" and, collectively, the "Borrowers"), AIR MICRONESIA, INC., a Delaware corporation ("AMI"), each of the lenders that is a signatory hereto identified under the caption "LENDERS" on the signature pages hereto and each lender that becomes a "Lender" after the date hereof pursuant to Section 9.03 and MERRILL LYNCH MORTGAGE CAPITAL INC., a Delaware corporation, as administrative agent for the Lenders (the "Administrative Agent"). The capitalized terms used herein, unless otherwise defined herein, have the meanings given them in Article I.

PRELIMINARY STATEMENT:

The Borrowers have requested the Lenders to make (i) a Tranche A-1 Term Loan to Continental in the original principal amount of \$85,714,285.71 to be made pursuant to clause (a) of Section 2.01 and to be used for the general corporate purposes of Continental and its Subsidiaries, (ii) a Tranche A-2 Term Loan to CMI in the original principal amount of \$214,285,714.29 to be made pursuant to clause (b) of Section 2.01 and which shall be loaned by CMI to Continental and to be used for the general corporate purposes of Continental and its Subsidiaries, and (iii) an Incremental Term Loan in the original principal amount of up to \$50,000,000, which may be made and allocated to the Tranche A-1 Term Loans and the Tranche A-2 Term Loans in the manner provided in clause (c) of Section 2.01 and to be used for the general corporate purposes of Continental and its Subsidiaries. The Lenders have agreed to make such Loans to the Borrowers (other than the Incremental Term Loan, which may be made in the sole discretion of Lenders no later than the Incremental Increase Termination Date) on the terms and conditions set forth herein.

NOW, THEREFORE, the parties hereto hereby agree as follows:

I.

DEFINITIONS

1. Certain Defined Terms.

As used in this Agreement, the following terms shall have the following meanings:

"Additional Costs" has the meaning specified in Section 2.12(a).

"Administrative Agent" is defined in the first paragraph of this Agreement.

"Administrative Questionnaire" means a questionnaire in a form supplied by the Administrative Agent to each Lender for administrative purposes.

"**Affiliate**" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Agreement**" is defined in the first paragraph of this Agreement.

"**Alternate Base Rate**" means, for any day, a rate per annum equal to the greater of (i) the Prime Rate in effect on such day and (ii) the Federal Funds Effective Rate in effect on such day, plus, one-half percent. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"**AMI**" is defined in the first paragraph of this Agreement.

"**AMI Additional Routes and Slots**" means any Routes acquired after the Closing Date and that originate and terminate in the same general geographic region as the AMI Routes listed on Schedule 4, consisting of the area defined by Hawaii, to the east, and the portion of Asia commonly referred to as the Far East (including Southeast Asia), to the west, and the Slots relating to those Routes.

"**AMI Grant of Trademark Security Interest**" means the grant of trademark security interest substantially in the form of Exhibit F-1 made by AMI in favor of the Administrative Agent.

"**AMI Other Collateral**" means the "Collateral" as defined in the AMI Security Agreement.

"**AMI Routes**" means the Routes of AMI set forth on Schedule 4 and any other Routes included in the AMI Other Collateral.

"**AMI Security Agreement**" means the security agreement made by AMI in favor of the Administrative Agent, substantially in the form of Exhibit C-1.

"**AMI Shares**" has the meaning specified in Section 1 of the AMI Stock Pledge Agreement.

"**AMI Share Collateral**" means the "Pledged Collateral" as defined in the AMI Stock Pledge Agreement.

"**AMI Stock Pledge Agreement**" means the stock pledge agreement between Continental and the Administrative Agent pursuant to which Continental shall pledge the AMI Shares to the Administrative Agent, substantially in the form of Exhibit E-1.

"**Applicable Loans**" is defined in Section 2.08(a).

"**Applicable Margin**" means, subject to Section 2.01(c)(ii), (i) initially, 5.375% per annum, (ii) after the occurrence of a Change in Control, 6.375% per annum and (iii) after the occurrence and during the continuance of an Event of Default, 7.875% per annum.

"**Appraisal Event**" means (i) the failure of Continental to deliver an appraisal to the Administrative Agent pursuant to Section 5.11 or (ii) if Continental delivers such appraisal, the failure of the relevant Credit Party to meet the requirements of Section 5.11(b) or (c), if applicable.

"**Appraisal Report**" means a report prepared by an Appraiser setting forth its opinion of the Current Market Value of the CAL Collateral, the CMI Business, any property proposed to be added as additional or replacement Collateral, or in the case of a Specified Route Event, the relevant Specified Routes, as of a date within 45 days prior to the delivery of such report pursuant to this Agreement.

"**Appraiser**" means Simat, Helliesen & Eichner, Inc. or any other Person designated by Continental and approved by the Administrative Agent (which approval shall not be unreasonably withheld or delayed) (i) engaged in a business which includes appraising commercial airline businesses and assets and (ii) who does not have any material financial interest in any Credit Party and is not connected with any Credit Party or any of its Affiliates as an officer, director, employee, promoter, underwriter, partner or person performing similar functions.

"**Arranger**" means Merrill Lynch Mortgage Capital Inc., as the sole arranger.

"**Asset Sale**" means any Disposition (excluding any such sale, leases or other disposition permitted by Section 6.06) which yields gross proceeds to AMI or CMI or any of their respective Subsidiaries (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of \$1,000,000.

"**Assignment and Acceptance**" means the Assignment and Acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.03), and accepted by the Administrative Agent, in the form of Exhibit H or any other form approved by the Administrative Agent and Continental.

"**Bankruptcy Default**" means any event or condition which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default under Sections 7.01(f), (g) or (h).

"**Board**" means the Board of Governors of the Federal Reserve System of the United States of America.

"**Board of Directors**" means either the board of directors of Continental, AMI or CMI, as the case may be, or any committee of that board duly authorized to act for it hereunder.

"**Borrowers**" is defined in the first paragraph of this Agreement.

"**Borrowing Base**" means, at any time, the sum of (without duplication):

- (a) with respect to the Collateral other than Cash Collateral, 48% of the Current Market Value of the CAL Collateral and the CMI Business, as reflected in the Appraisal Report(s) with respect thereto then most recently delivered to the Administrative Agent; and
- (b) with respect to Cash Collateral, the face value thereof.

For the avoidance of doubt, if the most recently delivered Appraisal Report does not cover both Borrowing Base Components, the Borrowing Base shall be determined using the Current Market Value of the Borrowing Base Component (or, in the case of an Appraisal Report delivered pursuant to Section 5.11(d), portion thereof) set forth in such Appraisal Report and the Current Market Value of the remainder of the Borrowing Base Components as set forth in the most recent Appraisal Reports with respect thereto.

"**Borrowing Base Certificate**" means a certificate signed on behalf of Continental by an officer of Continental setting forth in reasonable detail the calculation of the Borrowing Base as of the date of such certificate.

"**Borrowing Base Component**" means the CAL Collateral or the CMI Business.

"**Break Funding Costs**" is defined in Section 2.15.

"**Business Day**" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City or Houston, Texas are authorized or required by law to remain closed; provided that, except with respect to Section 7.01(c), when used in connection with any payment or prepayment with respect to a Loan or the determination of the LIBO Rate or an Interest Period, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"**CAL Collateral**" means the "CAL Collateral" as defined in the Continental SGR Pledge Agreement and any other property added to the Collateral pursuant to clause (ii) or (iii) of the definition of Remedial Action or pursuant to Section 5.08(b) or Section 5.11(c).

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" means, with respect to any Person, any and all shares, interests, partnership interests, participations, rights in or other equivalents (however designated) of such Person's capital stock (including both common and preferred stock), and any rights (other than debt securities convertible into capital stock (including both common and preferred stock)), warrants or options exchangeable for or convertible into capital stock (including both common and preferred stock) of such Person, whether now outstanding or issued after the date of this Agreement.

"Cash Collateral" means any cash and Permitted Investments deposited or to be deposited with the Administrative Agent or an Eligible Institution under any Collateral Document.

"Cash Collateralized" means the pledge of Cash Collateral pursuant to this agreement to secure the Obligations.

"Change In Control" means the occurrence of the following: (i) a "person" (within the meaning of Section 13(d) of the Exchange Act), other than a Plan or any Subsidiary of Continental, shall become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 50% of the total voting power of all classes then outstanding of Continental's Voting Interests and (ii) during the period of six consecutive months thereafter, individuals who at the beginning of such period constituted Continental's Board of Directors (together with any new director whose election by Continental's Board of Directors or whose nomination for election by Continental's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved) cease for any reason (other than death or disability or retirement announced prior to such six-month period) to constitute a majority of the directors then in office.

"Citizen of the United States" has the meaning provided in Section 40102(a)(15) of Title 49 of the U.S. Code and as that statutory provision has been interpreted by the DOT pursuant to its policies.

"Class", when used in reference to any Loan or Loans, refers to whether such Loan or Loans are Tranche A-1 Term Loans or Tranche A-2 Term Loans.

"Close of Business" means the end of Continental's normal business hours at its principal executive offices.

"Closing Date" means the date on which the Loans are advanced to the Borrowers.

"CMI" is defined in the first paragraph of this Agreement.

"CMI Account" has the meaning provided in the CMI Account Control Agreement.

"CMI Account Control Agreement" means an Account Control Agreement, substantially in the form of Exhibit G, with respect to CMI's concentration account (as described on Schedule 6), which, on the Closing Date, shall be the Dollar denominated CMI Account held at JP Morgan Chase in New York, New York.

"CMI Additional Routes and Slots" means any Routes acquired after the Closing Date that originate and terminate in the same general geographic region as the CMI Routes listed on Schedule 3(a), consisting of all routes in the area defined by Hawaii, to the east, and the portion of Asia commonly referred to as the Far East (including Southeast Asia), to the west, and the Slots relating to those Routes.

"CMI Business" means CMI as an operating business or, if at the relevant time CMI is not in operation, the net liquidation value of CMI's assets.

"CMI Grant of Trademark Security Interest" means the grant of trademark security interest substantially in the form of Exhibit F-2 made by CMI in favor of the Administrative Agent.

"CMI Material Routes" means [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and any other Route between [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

"CMI Material Slots" means such Slots of CMI required for the use of any of its CMI Material Routes.

"CMI Narita Slots" means the Slots of CMI set forth on Schedule 3(b) and any other Slots at Narita Airport, Tokyo, Japan, included in the CMI SGR Collateral.

"CMI Other Collateral" means the "Collateral" as defined in the CMI Security Agreement.

"CMI Routes" means the Routes of CMI set forth on Schedule 3(a) and any other Routes included in the CMI SGR Collateral.

"CMI Security Agreement" means the security agreement made by CMI in favor of the Administrative Agent, substantially in the form of Exhibit C-2.

"CMI SGR Collateral" means the "Collateral" as defined in the CMI SGR Pledge Agreement.

"CMI SGR Pledge Agreement" means the Slot, Gate and Route Security and Pledge Agreement made by CMI in favor of the Administrative Agent, pursuant to which CMI pledges the CMI SGR Collateral to the Administrative Agent, substantially in the form of Exhibit D-2.

"CMI Shares" has the meaning specified in Section 1 of the CMI Stock Pledge Agreement.

"CMI Share Collateral" means the "Pledged Collateral" as defined in the CMI Stock Pledge Agreement.

"CMI Stock Pledge Agreement" means the stock pledge agreement made by CMI in favor of the Administrative Agent, pursuant to which CMI pledges the CMI Shares to the Administrative Agent, substantially in the form of Exhibit E-2.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Collateral" means, collectively, (i) the CAL Collateral, (ii) the AMI Other Collateral, (iii) the AMI Share Collateral, (iv) the CMI SGR Collateral, (v) the CMI Other Collateral and (vi) the CMI Share Collateral.

"Collateral Certificate" means the Collateral Certificate, substantially in the form of Exhibit I to this Agreement.

"Collateral Documents" means the AMI Stock Pledge Agreement, the CMI Stock Pledge Agreement, the AMI Grant of Trademark Security Interest, the CMI Grant of Trademark Security Interest, the AMI Security Agreement, the CMI Security Agreement, the Continental SGR Pledge Agreement and the CMI SGR Pledge Agreement.

"Commitment" means, with respect to any Lender, the amount set forth opposite such Lender's name on the signature page of this Agreement.

"Commitment Percentage" means, with respect to any Lender, the percentage determined by dividing such Lender's Commitment by \$300,000,000.

"Commonly Controlled Entity" means an entity, whether or not incorporated, which is under common control with any Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes such Borrower and which is treated as a single employer under Section 414 of the Code.

"Consolidated Unrestricted Cash Balance" means, as of any time, the sum of (i) the amount of Cash Collateral, plus, (ii) unencumbered cash and Permitted Investments of Continental and its consolidated Subsidiaries as of such time, in each case as such items shall be set forth on the Consolidated Unrestricted Cash Balance Report.

"Consolidated Unrestricted Cash Balance Report" means a certificate signed on behalf of Continental by an officer of Continental setting forth (i) the amount of unencumbered cash and the amount of Permitted Investments (in the case of Permitted Investments, showing the amount of each of the eight types of Permitted Investments), and (ii) the Consolidated Unrestricted Cash Balance as of the Close of Business on the Business Day preceding Continental's delivery of such certificate.

"Continental" is defined in the first paragraph of this Agreement.

"Continental Consolidated Group" means the federal income tax consolidated group of which Continental is the common parent.

"Continental SGR Pledge Agreement" means the Slot, Gate and Route Security and Pledge Agreement made by Continental in favor of the Administrative Agent, pursuant to which Continental pledges the CAL Collateral to the Administrative Agent, substantially in the form of Exhibit D-1.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Credit Parties" means Continental, AMI and CMI.

"Current Market Value" means, with respect to any Collateral, its price determined on the basis of a hypothetical sale negotiated in an arm's length free market transaction between a willing and able seller and a willing and able buyer, neither of whom is under undue pressure to complete the transaction, and both having full knowledge of applicable market conditions.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means the information disclosed in Continental's periodic reports filed under the Securities and Exchange Act of 1934, as amended, with the SEC, up to and including Continental's Form 10-Q for the quarter ended March 31, 2005, as filed with the SEC or as separately disclosed in writing by Continental to the Administrative Agent with respect to matters as to which disclosure is required pursuant to Sections 4.06 and 4.07.

"Disposition" means any sale, transfer or other voluntary disposition (excluding a lease, as defined in Section 2A-103(j) of the New York UCC) of any property.

"Dollars" and the sign "\$" each means lawful money of the United States of America.

"DOT" means the United States Department of Transportation or any successor authority established in replacement thereof.

"Early Amortization Amount" means, in respect of any amounts payable pursuant to clause (b)(i) of Section 2.09, an amount equal to (a) the sum of \$300,000,000 plus the aggregate amount of any Incremental Term Loans made hereunder, multiplied by, (b) 0.142857143.

"Eligible Account" means an account established by and with an Eligible Institution at the request of the Administrative Agent, which institution agrees, for all purposes of the New York UCC including Article 8 thereof, that (a) such account shall be a "securities account" (as defined in Section 8-501 of the New York UCC), (b) such institution is a "securities intermediary" (as defined in Section 8-102(a)(14) of the New York UCC), (c) all property credited to such account shall be treated as a "financial asset" (as defined in Section 8-102(a)(9) of the New York UCC), (d) it will comply with all entitlement orders issued by the Administrative Agent without further consent by the applicable Credit Party, (e) it will waive or subordinate in favor of the Administrative Agent all claims (including claims by way of security interest, lien or right of set-off) other than any prior lien it may have on financial assets in such account to secure payment for financial assets purchased for and held in or credited to such account until the purchase price thereof has been paid to it, and (g) the "securities intermediary's jurisdiction" (under Section 8-110(e) of the New York UCC) shall be the State of New York.

"Eligible Institution" means (a) the Administrative Agent or (b) a depository institution organized under the laws of the United States of America or any one of the states thereof or the District of Columbia (or any U.S. branch of a foreign bank), which has a long-term unsecured debt rating or issuer credit rating, as the case may be, from Moody's of at least A3 or S&P of at least A- or its equivalent.

"Embargoed Persons" is defined in Section 5.20.

"Engagement Letter" means the engagement letter with respect to the Facility among Merrill Lynch Mortgage Capital Inc. and the Borrowers dated April 28, 2005.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of Continental or any of its Subsidiaries directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which a Borrower is a member and (ii) solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the Code and the lien created under Section 302(f) of ERISA and Section 412(n) of the Code, described in Section 414(m) or (o) of the Code of which a Credit Party is a member.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30 day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA); (c) any Person shall engage in any Prohibited Transaction (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; (d) the incurrence by a Credit Party or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by a Credit Party or any ERISA Affiliate from the PBGC or a

plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by a Credit Party or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by a Credit Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the withdrawal from, or imposition of, Withdrawal Liability by a Multiemployer Plan or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Event of Default" has the meaning specified in Section 7.01.

"Excluded Taxes" is defined in Section 2.16(f).

3. "Executive Order" means Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001, and relating to Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism.

"FAA" means the Federal Aviation Administration of the United States of America and any successor governmental authority thereto.

"Facility" means the senior secured term loan facilities under which the Lenders shall, subject to the terms and conditions of this Agreement, make secured loans to the Borrowers for general corporate purposes of the Borrowers.

"Federal Funds Effective Rate" means, for any day, a fluctuating interest rate equal to the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means the Chief Financial Officer, the Treasurer, the Vice President - Finance or Vice President - Financial Planning and Analysis of Continental, or any other officer of Continental having similar responsibilities.

"Financing Vehicle" means a special purpose entity formed in connection with a bona fide financing transaction on terms necessary or appropriate or customary for the relevant type of transaction.

"Flight" means the completion of a non-stop passenger and/or cargo flight utilizing any of the Routes included in the Collateral.

"Foreign Aviation Authorities" means any foreign governmental, quasi-governmental, regulatory or other agencies or public corporations or private entities which exercise jurisdiction over the issuance or authorization (i) to serve any foreign point on each of the Trans-Pacific Routes, the AMI Routes or the CMI Routes and/or (ii) to conduct operations related to the Trans-Pacific Routes, the AMI Routes, the CMI Routes and Supporting Route Facilities and/or (iii) to hold and operate any Slots included in the Collateral.

"Fundamental Transaction" is defined in Section 6.02.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States.

"Gate Leaseholds" means all of the right, title, privilege, interest, and authority now or hereafter acquired or held by a Credit Party in connection with the right to use or occupy space at each non-U.S. airport covered by the Trans-Pacific Routes (in the case of Continental) and each non-U.S. airport covered by the CMI Material Routes (and, if applicable to any such CMI Material Route, Guam International Airport) (in the case of CMI) to the extent necessary for servicing the permitted scheduled air carrier service authorized by the Trans-Pacific Routes and CMI Material Routes related to that airport.

"Governmental Authority" means any nation or government, any state, county, municipality or other political subdivision thereof or any governmental body, agency, authority, department or commission (including, without limitation, any taxing authority) or any instrumentality or officer of any of the foregoing (including, without limitation, any court or tribunal) exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation, partnership or other entity directly or indirectly owned by or controlled by any of the foregoing that exercises executive, legislative, judicial, regulatory or administrative functions.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantor" means each Credit Party in its capacity as guarantor under this Agreement.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Impermissible Qualification" means, relative to the opinion or certification of any independent public accountant as to any financial statement of any Credit Party, any qualification or exception to such opinion or certification relating to the limited scope of examination of matters relevant to such financial statement.

"Incremental Percentage" means, with respect to any Incremental Term Loan Assuming Lender, the percentage determined by dividing such Lender's Incremental Term Loan Commitment by the aggregate amount of the Incremental Term Loan Commitments.

"Incremental Term Loan" means, collectively, the Tranche A-1 Incremental Term Loan and the Tranche A-2 Incremental Term Loan, in an aggregate amount not to exceed \$50,000,000.

"Incremental Term Loan Amendment" means an amendment to this Agreement, executed and delivered by each of the Credit Parties and each Incremental Term Loan Assuming Lender, in form and substance satisfactory to the Administrative Agent and not otherwise subject to Section 9.01.

"Incremental Term Loan Assuming Lender" means each financial institution reasonably satisfactory to the Administrative Agent which (a) has issued an Increasing Term Loan Commitment and (b) upon execution of an Incremental Term Loan Amendment, becomes a "Lender" pursuant to this Agreement.

"Incremental Term Loan Closing Date" means the date on which the conditions set forth in clauses (s) through (z) of the proviso to Section 2.01(c)(i) have been satisfied.

"Incremental Term Loan Commitment" means a commitment to make an Incremental Term Loan issued by Incremental Term Loan Assuming Lender pursuant to Section 2.01(c).

"Incremental Increase Termination Date" means a date which is the earlier of (a) the 30th day following the Closing Date, (b) the first Incremental Term Loan Closing Date, or (c) the date on which an Event of Default has occurred.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (d) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, provided that if such obligation is not assumed, the amount of such obligation shall be deemed to be the lesser of the value of such property or asset or the amount of the obligation so secured, (e) all Guarantees by such Person of Indebtedness of others, (f) all Capital Lease Obligations of such Person, (g) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (h) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances.

"Indemnitee" is defined in Section 9.05(b).

"Intercompany Leasing Transaction" means any lease, sublease or "wet lease" pursuant to which CMI or AMI leases any asset, services or personnel (including, but not limited to, any aircraft or related equipment and supplies, services or personnel) from Continental.

"Intercompany Subordination Agreement" means the Intercompany Subordination Agreement, dated as of the Closing Date, by and among each Borrower, the Administrative Agent and each other designated Affiliate of such Borrower added by joinder to this Agreement from time to time, substantially in the form of Exhibit B hereto.

"Interest Payment Date" means the last day of each Interest Period.

"Interest Period" means, with respect to the first Interest Period, the period commencing on (and including) the Closing Date and ending on (but excluding) the numerically corresponding day in the calendar month that is three months thereafter, and for each subsequent Interest Period, the period commencing on (and including) the last day of the preceding Interest Period and ending on (but excluding) the numerically corresponding day in the calendar month that is three months thereafter; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (ii) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period and (iii) if any Interest Period would end on a day after the Maturity Date, then the Interest Period shall end on the Maturity Date.

"Lender" and "Lenders" means the Persons identified as "Lenders" and listed on the signature pages of this Agreement, each Person that shall become a party hereto pursuant to Section 2.01(c) and Section 9.03, in each case so long as it is the registered holder of a Loan in the Register, and with respect to Section 2.16, their Participants.

"LIBO Rate" means, for each day during any Interest Period, (i) the rate per annum appearing on Bloomberg Page BBAM 1 screen service (or, if such page is no longer published by such service, on any successor or substitute page of such service, or any successor to or substitute for such service, providing rate quotations comparable to those currently provided on such page of such service, as determined by the Administrative Agent from time to time, for purposes of providing quotations for interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity of three months (provided that, if such rate is not available at such time for any reason, then "LIBO Rate" with respect to each day during such Interest Period shall be the arithmetic average (rounded upwards or downwards, if necessary, to the nearest 1/16th of one percent with the midpoint being rounded upwards) of the rates offered by the Reference Banks at approximately 11:00 a.m., London Time, two Business Days prior to the commencement of such Interest Period, to prime banks in the London interbank market for U.S. Dollar deposits for a period of three months and in an amount substantially equal to the aggregate principal amount of the Loans to be outstanding having such Interest Period) multiplied by (ii) the Statutory Reserve Rate.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset and (b) the retained interest of a vendor or a lessor in such asset under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset.

"Loans" means the Loans of all of the Lenders and, with respect to each Lender, the Tranche A-1 Term Loans and Tranche A-2 Term Loans made by such Lender.

"LTV Ratio" means, on any date of determination, the ratio of the aggregate outstanding principal amount of the Loans to the sum of the Current Market Value of the CAL Collateral and of the CMI Business, as reflected in the most recent applicable Appraisal Reports.

"Major Collateral" means the Trans-Pacific Routes, the Narita Slots, the CMI Material Routes, the CMI Material Slots, the CMI Shares and the AMI Shares.

"Majority Lenders" means, at any time, Lenders having Term Loans representing more than 50% of the sum of the total outstanding principal amount of the Term Loans at such time.

"Material Adverse Effect" means (a) in respect of Section 3.01(k), Section 3.01(l), Section 4.04 or any other section in this Agreement relating to the delivery of, or compliance with, financial information or requirements, a material adverse change in the business, operations, properties, assets or condition (financial or otherwise) of Continental and its Material Subsidiaries, taken as a whole, and (b) in all other cases, a material adverse change in the business, operations, properties, assets or condition (financial or otherwise) of the Credit Parties and their Subsidiaries taken as a whole or the material impairment of the ability of the Credit Parties to perform (as distinct from their ability to pay), or of the Administrative Agent or the Lenders to enforce, the obligations of Credit Parties under the Operative Documents.

"Material Subsidiary" means AMI and CMI and, at any time, any Subsidiary if, at such time, such Subsidiary would qualify as a "significant subsidiary" of Continental under Rule 1.02 of Regulation S-X of the SEC as in effect on the date of this Agreement.

"Maturity Date" means the sixth anniversary of the Closing Date.

"Measurement Date" is defined in Section 5.11(b).

"ML" means Merrill Lynch Mortgage Capital Inc.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Narita Route" shall have the meaning set forth in the Continental SGR Pledge Agreement.

"Narita Slots" means the Slots set forth on Schedule 2(b).

"Net Cash Proceeds": means, with respect to any Asset Sale or Recovery Event by AMI, CMI or any of their respective Subsidiaries, the aggregate amount of cash received from time to time (whether as initial consideration or through payment or disposition of deferred consideration) by or on

behalf of such Person for its own account in connection with any such transaction, after deducting therefrom only:

4. (a) reasonable and customary brokerage commissions, underwriting fees and discounts, legal fees, finder's fees and other similar fees, costs and commissions that, in each case, are actually paid or netted from such cash receipts to a Person that is not a Subsidiary or Affiliate of any of the Credit Parties or any of their Subsidiaries or the Affiliates;
5. (b) the amount of taxes reasonably estimated to be actually payable in connection with, or as a result of, such transaction for the year in which the transaction occurred (including pursuant to the Tax Sharing Agreement) so long as such Person is not otherwise indemnified therefor; and
6. (c) in the case of any Disposition of any property or asset, the outstanding principal amount of, the premium or penalty, if any, on, and any accrued and unpaid interest on, any Indebtedness (other than Indebtedness under or in respect of the Operative Documents) that is secured by a Lien on the property and assets subject to such Disposition and is required to be repaid under the terms of such Indebtedness as a result of such Disposition, in each case, to the extent that the amounts so deducted are actually paid to a Person that is not an Affiliate of any of the Credit Parties or any of their Affiliates;

provided, that any and all amounts so deducted by any such Person pursuant to clauses (a) through (c) of this definition shall be properly attributable to such transaction or to the property or asset that is the subject thereof and provided, further, that if, at the time any of the taxes referred to in clause (b) are actually paid or otherwise satisfied, the estimate therefor exceeds the amount paid or otherwise satisfied, then the amount of such excess shall constitute "Net Cash Proceeds" on and as of the date of such payment or other satisfaction for all purposes of this Agreement.

"New York UCC" means the UCC in effect in the State of New York.

"Non-Excluded Taxes" is defined in Section 2.16(a).

"Non-Exempt Lender" is defined in Section 2.16(e).

"Notice of Borrowing" is defined in Section 2.02(a).

"Obligations" means the unpaid principal amount of, and interest (including, without limitation, interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to any Credit Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) on the Loans, and all other obligations and liabilities of any Credit Party, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, or out of or in connection with this Agreement and any other Operative Documents and any other document made, delivered or given in connection therewith or herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including, without limitation, all fees and disbursements of counsel to the Administrative Agent and each Lender that are required to be paid by any Credit Party pursuant to the terms of the Operative Documents).

"Obligor" means, as the context may require, each Credit Party and each other Person (other than the Lender) obligated under any Operative Document.

"Operating Permits" is defined in Section 4.16.

"Operative Documents" means this Agreement, the CMI Account Control Agreement, each Collateral Certificate, the Intercompany Subordination Agreement, the Collateral Documents, and the Engagement Letter. Any references herein to any Operative Document shall include such document as the same may be amended, modified or supplemented from time to time in accordance with the provisions thereof.

"Organic Document" means the certificate of incorporation or by-laws of AMI or CMI.

"Other Taxes" is defined in Section 2.16(b).

"Participant" is defined in Section 9.03(e).

"Payment Default" means any event or condition which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default under Section 7.01(a), (b) or (c) herein.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Pension Plan" means any Plan that is subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Credit Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Permitted Encumbrances" is defined in Section 6.01 of this Agreement.

"Permitted First Liens" means (i) the Liens described in clauses (e)(iii)(B), (e)(vii), (e)(viii), (e)(ix), (e)(x) and (e)(xiii) of Section 6.01 and (ii) with respect to the Liens described above in clause (i), the Liens described in clauses (e)(xii) and (e)(xiv) of Section 6.01.

"Permitted Investments" means any investment described on Schedule 1.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee benefit plan (within the meaning of Section 3(3) of ERISA, but whether or not subject to ERISA) which is sponsored, maintained, contributed to or required to be contributed to by any Credit Party or an ERISA Affiliate.

"Post-Threshold Net Cash Proceeds" is defined in clause (b)(iii)(A) of Section 2.09 of this Agreement.

"Prescribed Laws" means, collectively, (a) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Public Law 107-56) (The USA PATRIOT Act), (b) the Executive Order, (c) the International Emergency Economic Power Act, 50 U.S.C. Section 1701 et seq. and (d) all other requirements under applicable laws relating to money laundering or terrorism.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by J.P. Morgan Chase Bank, N.A. as its prime rate in effect at its Principal Office; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Principal Office" means the principal office of ML, located on the date hereof at 4 World Financial Center, New York, New York 10281.

"Proposed Reinvestment Proceeds" is defined in clause (b)(iii)(B) of Section 2.09 of this Agreement.

"PTO" means the United States Patent and Trademark Office or any successor or substitute office in which filings are necessary or, in the reasonable opinion of the Administrative Agent desirable in order to create or perfect the Lien of the AMI Grant of Trademark Security Interest or the CMI Grant of Trademark Security Interest.

"Recovery Event" means any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of AMI or CMI (or any of their respective Subsidiaries), net of actual costs incurred in connection with the adjustment or settlement of such claim or proceeding and bona fide amounts required to be paid to third parties (other than Continental or any of its Subsidiaries) in excess of \$1,000,000.

"Reference Banks" means the respective principal London offices of J.P. Morgan Chase Bank, N.A., Citibank, N.A. or Bank of America, N.A., or such other financial institutions selected by agreement of Continental and the Administrative Agent; provided that at all times there shall be no fewer than three Reference Banks.

"Register" is defined in Section 9.03(c).

"Regulations G, T and U" means Regulations G, T and U of the Board (or any successor), as the same may be modified and supplemented and in effect from time to time.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Remedial Actions" means:

- i. the deposit with the Administrative Agent of Cash Collateral;
- ii. the grant of a security interest to the Administrative Agent on behalf of the Lenders in Routes of Continental acceptable to the Majority Lenders in their sole discretion other than the Trans-Pacific Routes, and any related Slots, Gate Leaseholds and Supporting Route Facilities, on terms substantially the same as provided in the Continental SGR Pledge Agreement;
- iii. the grant of a security interest to the Administrative Agent on behalf of the Lenders in other property of a Credit Party acceptable to the Majority Lenders in their sole discretion on such terms as the Majority Lenders shall have approved; and/or
- iv. prepayment of the Loans in whole or in part pursuant to Section 2.09(a) (but without the premium referred to in Section 2.09(d)).

"Required Permits" is defined in Section 4.16.

"Restricted Payment" means the declaration or payment of any dividend (other than dividends payable solely in common stock of Continental or any other Credit Party) on, or the making of any payment or distribution on account of, or setting apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of any class of Capital Stock (now or hereafter outstanding) of Continental or any other Credit Party or any warrants or options to purchase any such Capital Stock, whether now or hereafter outstanding, or the making of any other distribution in respect of any such Capital Stock or any such warrants or options, either directly or indirectly, whether in cash, property or obligations of Continental or any other Credit Party or otherwise.

"Restricted Payment Amount" means the amount of any Restricted Payment to be made by AMI or CMI, as the case may be, pursuant to clause (a) of Section 6.13.

"Route" means an authorization, however evidenced, which permits an air carrier to render unlimited regularly scheduled service between a specifically designated pair of terminal points and intermediate points, if any.

"Route Permits" is defined in Section 4.16.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"SEC" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission.

"Section 2.16 Certificate" is defined in Section 2.16(e).

"Security Documents" means the Collateral Documents and all UCC financing statements required by any of the Collateral Documents to be filed with respect to the security interests created.

"Single Employer Plan" means any Pension Plan which is not a Multiemployer Plan.

"Slots" means all of the rights, title, privilege, interest, and authority now or hereafter acquired or held by an airline in and to the authority to takeoff and land at any airport to which it provides service issued by a Governmental Authority.

"Solvent" means, at any time of determination, with respect to any Person:

- i. it is then able and expects to be able to pay its debts (including, without limitation, contingent debts and other commitments) as they mature; and
- ii. it has capital that is not unreasonably small to carry on its business as conducted.

For purposes of determining whether a Person is Solvent, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or mature liability.

"Specified Routes" means the Trans-Pacific Routes and the CMI Material Routes.

"Specified Route Event" means an event described in clause (i)(B), clause (ii)(B), clause (iii)(A)(2) or clause (iii)(B) of Section 7.01(m).

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

"Statutory Reserve Rate" means, with respect to each day during each Interest Period, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate (without duplication) of the maximum rates of reserve requirements in effect on such day (including any marginal, special, emergency or supplemental reserves) expressed as a decimal, prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System, provided that if the maximum rates of reserve requirements in effect on such day is zero, then the Statutory Reserve Rate for such day shall be the number one.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests

are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent and is a Material Subsidiary.

"Successor" is defined in Section 6.02.

"Supporting Route Facilities" means gates, ticket counters and other facilities at a non-U.S. airport (and, in the case of CMI, Guam International Airport), necessary to operate, or otherwise used in support of the operation of, a Route.

"Taxes" is defined in Section 2.16(a).

"Tax Sharing Agreement" means a Tax Sharing Agreement to be entered into among Continental, AMI, and CMI pursuant to Section 5.17.

"Termination Date" means the date on which all principal of, and interest on, the Loans, and all other Obligations (including all costs and expenses and other obligations of a Credit Party to an Indemnitee under Section 9.05 (the "Indemnifiable Liabilities")) then due and payable, shall have been paid in full in cash.

"Term Loans" means the Tranche A-1 Term Loans and the Tranche A-2 Term Loans.

"Title 49" means Title 49 of the United States Code, which, among other things, recodified and replaced the U.S. Federal Aviation Act of 1958, as amended, and the regulations promulgated pursuant thereto, or an subsequent legislation that amends, supplements or supersedes such provisions.

"Tranche A-1 Incremental Term Loan" means the Tranche A-1 Incremental Term Loan to be advanced to Continental pursuant to clauses (a) and (c) of Section 2.01.

"Tranche A-1 Term Loans" means the Tranche A-1 Term Loans to be advanced to Continental pursuant to Section 2.01(a) and the Tranche A-1 Incremental Term Loan.

"Tranche A-2 Incremental Term Loan" means the Tranche A-2 Incremental Term Loan to be advanced to CMI pursuant to clauses (b) and (c) of Section 2.01.

"Tranche A-2 Term Loans" means the Tranche A-2 Term Loans to be advanced to CMI pursuant to Section 2.01(b) and the Tranche A-2 Incremental Term Loan.

"Transactions" means the execution and delivery by the Credit Parties of the applicable Operative Documents, the borrowing of Loans thereunder and the use of the proceeds thereof.

"Trans-Pacific Routes" means the Routes of Continental set forth on Schedule 2(a).

"UCC" means the Uniform Commercial Code (or any similar or equivalent legislation) as in effect in any applicable jurisdiction.

"Unrestricted Cash Balance Trigger Event" is defined in Section 2.09(b)(i).

"Voting Interests" means shares of capital stock issued by a corporation, or equivalent equity interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

1. Terms Generally.

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

2. Accounting Terms: GAAP.

Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time.

I.

AMOUNTS AND TERMS OF THE LOANS

1. Loans.

a. Tranche A-1 Term Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make a Tranche A-1 Term Loan to Continental in Dollars on the Closing Date in an aggregate principal amount equal to such Lender's Commitment Percentage of \$85,714,285.71; provided that, subject to Section 2.01(c) of this Agreement, each Incremental Term Loan Assuming Lender agrees to make a Tranche A-1 Incremental Term Loan to Continental in Dollars on the Incremental Term Loan Closing Date in an aggregate principal amount equal to such Incremental Term Loan Assuming Lender's Incremental Percentage of an amount not to exceed \$14,285,714.29. Tranche A-1 Term Loans (including Tranche A-1 Incremental Term Loans) once repaid may not be reborrowed.

b. Tranche A-2 Term Loans. Subject to the terms and conditions set forth herein, each Lender agrees to make a Tranche A-2 Term Loan to CMI in Dollars on the Closing Date in an aggregate principal amount equal to such Lender's Commitment Percentage of \$214,285,714.29; provided that, subject to Section 2.01(c) of this Agreement, each Incremental Term Loan Assuming Lender agrees to make a Tranche A-2 Incremental Term Loan to CMI in Dollars on the Incremental Term Loan Closing Date in an aggregate principal amount equal to such Incremental Term Loan Assuming Lender's Incremental Percentage of an amount not to exceed \$35,714,285.71. CMI shall use the proceeds of such Tranche A-2 Term Loans (and, as the case may be, such Tranche A-2 Incremental Term Loans) to make an intercompany loan on the Closing Date, which intercompany loan shall be subject to the Intercompany Subordination Agreement. Tranche A-2 Term Loans (including Tranche A-2 Incremental Term Loans) once repaid may not be reborrowed.

c. Incremental Term Loans.

i. Continental and CMI may, at any time prior to the Incremental Increase Termination Date, (A) solicit Incremental Term Loan Commitments from other financial institutions reasonably acceptable to the Administrative Agent, and (B) subject to clauses (c)(ii) and (iii) of this Section 2.01, upon delivery of such Incremental Term Loan Commitments issued by an Incremental Term Loan Assuming Lender and a Notice of Borrowing to the Administrative Agent, request the making of an Incremental Term Loan to Continental, in the case of Tranche A-1 Incremental Term Loans, or to CMI, in the case of Tranche A-2 Incremental Term Loans, in each case in Dollars and in an aggregate principal amount equal to such Incremental Term Loan Assuming Lender's Incremental Percentage of such Incremental Term Loans, provided that (s) the conditions set forth in clauses (e), (i) and (j) of Section 3.01 and in clauses (c)(ii) and (iii) of this Section 2.01 shall be satisfied, (t) the

Administrative Agent shall have received (A) the Incremental Term Loan Amendment, (B) certified copies of resolutions of the Board of Directors of each Credit Party approving (1) the borrowing of the Incremental Term Loans and (2) the Incremental Term Loan Amendment, (C) an opinion of counsel for each Credit Party, in a form reasonably satisfactory to the Administrative Agent, and (D) such other items as the Administrative Agent may reasonably require, (u) no Default or Event of Default shall exist at the time that any such Incremental Term Loan is made (and after giving effect thereto), (v) the Incremental Term Loans made by each Incremental Term Loan Assuming Lender shall be allocated pro rata in accordance with the allocations of Loans to the initial Lenders among the Tranche A-1 Term Loans and the Tranche A-2 Term Loans, (w) no more than one Incremental Term Loan Closing Date may be selected by the Company, (x) each Notice of Borrowing from Continental or CMI, as the case may be, pursuant to this clause (c) of Section 2.01 shall set forth the requested amount of the applicable Incremental Term Loan, (y) each Incremental Term Loan made by each Incremental Term Loan Assuming Lender shall be in an aggregate principal amount that is not less than \$10,000,000 and (z) any assignments or participations made on the Incremental Term Loan Closing Date in respect of each Incremental Term Loan and thereafter, by such Incremental Term Loan Assuming Lender shall be subject to Section 9.03 of this Agreement.

- ii. Each Incremental Term Loan issued pursuant to an Incremental Term Loan Commitment may be priced differently than the other Loans, provided, that in the event the Applicable Margin relating to any Incremental Term Loan exceeds the Applicable Margin relating to the other Loans, the Applicable Margin relating to the other Loans shall be adjusted to be equal to the Applicable Margin relating to such Incremental Term Loan.
- iii. On the Incremental Term Loan Closing Date, (A) each Incremental Term Loan Assuming Lender shall become a Lender subject to this Agreement, and (B) the Administrative Agent shall notify the Lenders (including each Incremental Term Loan Assuming Lender) and the Credit Parties of the occurrence of the Incremental Term Loan Closing Date, in each case in the manner provided for notices in Section 9.02, and, thereupon, shall record in the Register the relevant information with respect to each Incremental Term Loan Assuming Lender.

2. Procedure for Borrowing.

The Borrowers shall give the Administrative Agent notice requesting that the Lenders make the Loans on the specified Closing Date (the "Notice of Borrowing") prior to 1:00 P.M., New York City time, two Business Days prior to such scheduled Closing Date. Upon receipt of such notice the Administrative Agent shall promptly notify each Lender thereof. The Notice of Borrowing shall be binding on the Borrowers and irrevocable. Continental shall indemnify each Lender against any reasonable cost or expense (excluding, for the avoidance of doubt, loss of anticipated profits) incurred by such Lender as a result of any failure for any reason (other than due to a default by such Lender) of the Borrowers to borrow the Loans specified in the Notice of Borrowing therefor, including, without limitation, by reason of any failure to fulfill on or before the date specified in such Notice of Borrowing the applicable conditions set forth in Section 3.01, including, without limitation, any reasonable cost or expense incurred by reason of the liquidation or redeployment of deposits or other funds acquired by such Lender to fund a Loan or attributable to the excess, if any, of the rate of interest at which any such deposits or funds were acquired by such Lender over the rate of interest at which such Lender redeploys such deposits or funds.

3. Funding of Borrowings.

Each Lender shall send the Dollar amount of its Loan on the proposed Closing Date by wire transfer of immediately available funds by 10:00 A.M., New York City time, to the account of the Administrative Agent most recently designated by the Administrative Agent for such purpose by notice to the Lenders. Upon receipt of the Dollar amount of its Loan from each Lender and subject to the satisfaction of the conditions precedent set forth in Section 3.01 or waiver thereof by the Lenders, the Administrative Agent will make the Tranche A-1 Term Loan available to Continental and the Tranche A-2 Term Loan available to CMI, in like funds, by wire transfer to the applicable Borrower's account in the 48 contiguous states of the United States of America as such Borrower may specify by written notice to the Administrative Agent at least one Business Day prior to the Closing Date.

4. Security.

Subject to any provisions expressly providing for the effectiveness, release or termination of Liens in the documents hereafter mentioned, the Credit Parties' obligations under this Agreement and the other Operative Documents shall be secured in accordance with, and have the benefit of, the Collateral Documents.

5. Evidence of Debt.

- a. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.
- b. The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.
- c. The entries made in the accounts maintained pursuant to clauses (a) or (b) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.
- d. Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form similar to Exhibit A hereto and approved by the Administrative Agent and reasonably acceptable to such Borrower. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.03) be represented by one or more promissory notes in such form payable to such payee and its registered assigns.

6. Repayment of Loans.

- a. Continental hereby promises to pay to the Administrative Agent for the account of each Lender the principal amount of such Lender's Tranche A-1 Term Loan on the Maturity Date or such earlier date as may be required hereunder. Continental hereby further agrees to pay interest on the unpaid principal amount of the Tranche A-1 Term Loan from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.11.
- b. CMI hereby promises to pay to the Administrative Agent for the account of each Lender the principal amount of such Lender's Tranche A-2 Term Loan on the Maturity Date or such earlier date as may be required hereunder. CMI hereby further agrees to pay interest on the unpaid principal amount of the Tranche A-2 Term Loan from time to time outstanding from the date hereof until payment in full thereof at the rates per annum, and on the dates, set forth in Section 2.11.

7. Payments Generally; Pro Rata Treatment.

- a. Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, or fees, or of amounts payable under Sections 2.12, 2.15 or 2.16, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent c/o Merrill Lynch Mortgage Capital Inc., 4 World Financial Center, New York, NY 10089, Attention of Josh Green (Telecopier No.: 212-449-6673), (Continental Airlines, Inc. clearing account number A/C 008-12-914, ABA number 021-001-033), with written notice to Merrill Lynch Mortgage Capital Inc., 4 World Financial Center, New York, NY 10089, Attention of Josh Green (Telecopier No.: 212 -449-6673). The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and such extension of time shall be included in computing interest, if any, in connection with such payment. All payments hereunder shall be made in Dollars.
- b. If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest, fees and other amounts then due by the Credit Parties hereunder or under any Operative Document, such funds shall be applied, first, towards payment in full of all amounts due and payable by the Credit Parties to the Administrative Agent pursuant to the Operative Documents (including, without limitation, Section 9.05), and second, towards payment of interest, fees and other amounts then due by the Credit Parties hereunder or under any Operative Document, ratably among the parties entitled thereto in accordance with the amounts of interest, fees and other amounts then due by the Credit Parties to such parties.
- c. Except to the extent otherwise provided herein: (i) each payment or prepayment of principal of Tranche A-1 Term Loans and Tranche A-2 Term Loans shall be made for account of the relevant Lenders pro rata in accordance with the respective unpaid principal amounts of the Loans of such Class held by them and (ii) each payment of interest on Tranche A-1 Term Loans and Tranche A-2 Term Loans shall be made for account of the relevant Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

8. Sharing of Set-Offs.

- a. If any Lender shall obtain any payment of any principal of or interest on any Loan of any Class or payment of any other amount under this Agreement or any other Operative Document through the exercise of any right of set off, banker's lien or counterclaim or similar right or otherwise (other than from the Administrative Agent as provided herein), and, as a result of such payment, such Lender shall have received a greater percentage of the principal of or interest on the Loans of such Class (the "Applicable Loans") or such other amounts in each case then due hereunder or thereunder to such Lender than the percentage received by any other Lender of the principal of or interest on the Applicable Loans or such other amounts in each case then due hereunder or thereunder to such other Lender, it shall promptly purchase from such other Lenders participations in (or, if and to the extent specified by such Lender, direct interests in) the Applicable Loans or such other amounts, respectively, owing to such other Lenders (or in interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) pro rata in accordance with the unpaid principal of and/or interest on the Applicable Loans or such other amounts, respectively, owing to each of the Lenders; *provided that* (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by a Credit Party pursuant to and in accordance with the express terms of an Operative Document or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Applicable Loans to any assignee or participant, other than to a Credit Party or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). To such end all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored. Each Credit Party consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against a Credit Party rights of set off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of such Credit Party in the amount of such participation.
- b. Unless the Administrative Agent shall have received notice from a Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that such Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders, the amount due. In such event, if such Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.
- c. If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.08(b), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied Obligations are fully paid.

9. Prepayment of Loans.

- a. Optional. The Borrowers shall have the right at any time and from time to time to prepay the principal amount of the Tranche A-1 Term Loans and the Tranche A-2 Term Loans, in whole or in part, subject to prior notice in accordance with clause (c) of this Section, together with accrued interest thereon, premium if required under Section 2.09(d), Break Funding Costs, if any, and any other amount due hereunder and under the other Operative Documents with respect to such Loan, on any Business Day; *provided that* (x) any such prepayment in part shall be of a principal amount not less than \$10,000,000 when combined with the principal amount of any Tranche A-1 Term Loan or Tranche A-2 Term Loan prepaid simultaneously and (y) any prepayments shall be made and applied pro rata to the Tranche A-1 Term Loans and the Tranche A-2 Term Loans.
- b. Mandatory.
 - i. Unrestricted Cash Balance Trigger Event. If as of the Close of Business on any day, the Consolidated Unrestricted Cash Balance is less than \$1,125,000,000 (an "Unrestricted Cash Balance Trigger Event"), within five (5) Business Days after such day either or both of the Borrowers shall prepay Loans in an aggregate principal amount equal to the Early Amortization Amount (or, if less, the outstanding principal amount of the Loans), together with accrued interest thereon, Break Funding Costs, if any, but without other premium or penalty.
 - ii. Borrowing Base Shortfall. The Borrowers may make a prepayment in order to comply with the provisions of Section 5.11.
 - iii. Asset Sale Proceeds Etc.
 - A. No later than the fifth Business Day following the date of receipt by AMI or CMI (or any of their respective Subsidiaries) of any Net Cash Proceeds in respect of any Asset Sale permitted under Section 6.06, Continental or CMI, as applicable, shall prepay the Loans in an aggregate amount of principal (rounded down to the nearest \$1,000,000) as nearly as equal as possible to such Net Cash Proceeds, plus accrued interest on the amount prepaid; *provided*, that (y) no prepayment of the Loans shall be required to the extent that such Net Cash Proceeds from the Closing Date through the date of determination do not exceed \$7,500,000; and (z) such Net Cash Proceeds in excess of such \$7,500,000 threshold ("Post-Threshold Net Cash Proceeds") may be retained until such time as Post-Threshold Net Cash Proceeds equal or exceed \$3,000,000 and then Continental or CMI, as applicable, shall make prepayments of Net Cash Proceeds only in minimum amounts of \$3,000,000 or more from the Post-Threshold Net Cash Proceeds; *provided, further*, that the foregoing provisions set forth in the preceding proviso shall be applicable only to the extent that such Net Cash Proceeds from the Closing Date through the date of determination shall not exceed \$20,000,000.

B. No later than the fifth Business Day following the date of receipt by AMI or CMI (or any of their respective Subsidiaries) of any Net Cash Proceeds from Recovery Events, Continental or CMI, as applicable, shall prepay the Loans in an aggregate amount of principal (rounded down to the nearest \$1,000,000) as nearly equal as possible to the amount of such Net Cash Proceeds, plus accrued interest on the amount prepaid, minus any such Net Cash Proceeds (the "Proposed Reinvestment Proceeds") that AMI or CMI (or any of their respective Subsidiaries) intends to use within 180 days of such date of receipt to pay or reimburse the costs of repairing, restoring, or replacing the assets in respect of which such Net Cash Proceeds were received; provided that Continental shall have delivered to the Administrative Agent, on or before such fifth Business Day, a certificate of a Financial Officer of Continental setting forth the proposed use of the Proposed Reinvestment Proceeds; provided further that AMI or CMI (or their respective Subsidiaries) shall deposit Proposed Reinvestment Proceeds in excess of \$7,500,000 at any time in the CMI Account, pending the application of such excess amounts to prepayment of the Loans or to the costs of repairing, restoring or replacing the applicable assets as permitted hereunder. In addition, AMI or CMI (or any of their respective Subsidiaries) shall deposit in the CMI Account any Proposed Reinvestment Proceeds which have not been applied to the costs of repairing, restoring or replacing the applicable assets, within 180 days of receipt thereof, but which such Person intends to apply to such uses with 360 days of such receipt pending the application of such amounts within such 360 day period. Any Proposed Reinvestment Proceeds deposited in the CMI Account and not so applied within such 360 day period shall be transferred from the CMI Account and applied by the Administrative Agent to prepay the Loans.

C. Notwithstanding the foregoing subparagraphs (A) and (B), the Loans shall be prepaid in the amount of principal (rounded down to the nearest \$1,000,000) as nearly equal as possible to any Net Cash Proceeds, plus accrued interest on the amount prepaid, from the sale of any Route that is not Major Collateral, no later than the fifth Business Day following the date of receipt of any such Net Cash Proceeds.

iv. All prepayments of Loans shall be applied pro rata to the Tranche A-1 Terms Loans and the Tranche A-2 Term Loans as provided in Section 2.07(c).

c. Notice; Application. A Borrower shall give notice to the Administrative Agent of any prepayment pursuant to this Section 2.09 not later than 1:00 p.m., New York City time, three Business Days before the date of the prepayment (except in the case of a Remedial Action, in which case such notice shall be given on the date of the prepayment). Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of the Loans to be prepaid. Promptly following receipt of any such notice relating to the Loans, the Administrative Agent shall advise the Lenders of the contents thereof.

d. Premium. Except as provided above in clause (b) of this Section 2.09 and in Sections 5.11 and 7.01 and any other Section hereof allowing prepayment without premium or penalty, the Borrowers shall, upon prepayment of all or any part of the Loans, pay a premium as follows: if such prepayment is made prior to the first anniversary of the Closing Date, a premium of 2.00% of the aggregate principal amount prepaid; and if such prepayment is made on or after such first anniversary and prior to the third anniversary of the Closing Date, a premium of 1.00% of the aggregate principal amount prepaid. No premium shall be payable for a prepayment made as a Remedial Action.

10. Fees.

The Borrowers agree to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrowers and the Administrative Agent in the Engagement Letter.

11. Interest.

a. The Loans shall bear interest during each Interest Period at the LIBO Rate for such Interest Period, plus, the Applicable Margin.

b. Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date; provided that in the event of any prepayment of any Loan, accrued interest on the principal amount prepaid shall be payable on the date of such prepayment.

c. All interest shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest is payable over a year comprised of 360 days (or, in the case of interest on Loans made pursuant to Section 2.14, 365 days or, if appropriate, 366 days). The LIBO Rate for each Interest Period shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

12. Additional Costs.

a. If any change in law or governmental rule, regulation or order, or in the interpretation, administration or application thereof (including the adoption of any new law or governmental rule, regulation or order), or any determination of a court or by any central bank or Governmental Authority, in each case that becomes effective after the date hereof, or compliance by a Lender (at its applicable lending office) with any guideline, request or directive issued or made after the date hereof by any such central bank or Governmental Authority (whether or not having the force of law) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits in or for the account of, or advances or loans by, or other credit extended by, such Lender (other than any such reserve or other requirements with respect to LIBO Rate Loans that are reflected in the definition of LIBO Rate), and the result of any of the foregoing is to increase the cost to such Lender of agreeing to make, making or maintaining its Loans hereunder or to reduce any amount received or receivable by such Lender (or its applicable lending office) with respect thereto (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), then, in any such case, Continental shall pay to such Lender, promptly after receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender shall reasonably determine) as may be necessary to compensate such Lender for any such Additional Costs. Such Lender shall deliver to Continental (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis for calculating the additional amounts owed to such Lender or under this Section 2.12(a), which statement shall be *prima facie* evidence of such additional amounts.

b. If the adoption after the date hereof of any applicable law, rule or regulation (or any provision thereof) regarding capital adequacy, or any change after the date hereof in any existing interpretation or administration thereof by the National Association of Insurance Commissioners, any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or the promulgation after the date hereof of any guidelines, request or directive regarding capital adequacy (whether or not having the force of law) of the National Association of Insurance Commissioners, any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the capital of a Lender or any corporation controlling such Lender as a direct consequence of such Lender's Loans held by such Lender to a level below that which such Lender or any corporation controlling such Lender could have achieved but for such adoption, change or promulgation (taking into consideration the policies of such Lender or such controlling corporation with regard to capital adequacy), then from time to time, promptly after receipt by Continental from such Lender of the statement referred to in the next sentence, Continental shall pay to such Lender such additional amount or amounts as will compensate such Lender or such controlling corporation on an after-tax basis for such reduction. Such Lender shall deliver to Continental (with a copy to the Administrative Agent) a written statement, setting forth in reasonable detail the basis of the calculation of such additional amounts, which statement shall be *prima facie* evidence of such additional amounts.

c. Any affected Lender shall notify Continental of any event occurring after the date of this Agreement entitling such Lender to compensation under Section 2.12(a) or (b), as the case may be, as promptly as practicable, but in any event within 90 days, after such Lender obtains actual knowledge thereof; provided that if such Lender fails to give such notice within 90 days after the occurrence of the event that gives rise to such right to compensation, such Lender shall, with respect to any costs resulting from such event, only be entitled to payment under Section 2.12(a) or (b), as the case may be, for costs incurred from and after the date 90 days prior to the date that such Lender does give such notice. Continental shall not be required to make payments to such Lender under Section 2.12(a) or (b), as the case may be, hereof to the extent the claim thereunder arises from the undercapitalization or other like circumstances peculiar to such Lender or to the extent arising from such Lender's failure to comply with applicable law, rule or regulation (or interpretation or administration thereof). Any such Lender shall not seek compensation under Section 2.12(a) or (b), as the

case may be, if it shall not be also generally be seeking compensation (if it should be so entitled) against similar costs pursuant to other comparable contractual provisions in agreements with other borrowers.

13. Illegality.

If on any date the making, maintaining or continuation by any Lender of its Loans has become unlawful as a result of compliance by such Lender in good faith with any change that becomes effective after the date hereof in any law, treaty, governmental rule, regulation, guideline or order (whether or not having the force of law), then such Lender shall be an "Affected Lender" and it shall promptly so notify (by telefacsimile or by telephone confirmed in writing) the Borrowers and the Administrative Agent (which notice the Administrative Agent shall promptly transmit to each other Lender). Thereafter, the Affected Lender's outstanding Loans (the "Affected Loans") shall bear interest at the Alternate Base Rate, plus the Applicable Margin, minus 1.00%, if that would cure such illegality, from the expiration of the Interest Period then in effect with respect to the Affected Loans until such notice shall be withdrawn by the Affected Lender. The Borrowers may elect to terminate such Affected Lender as a party to this Agreement in compliance with Section 2.17. Except as provided in the immediately preceding sentence, nothing in this Section 2.13 shall affect the obligation of any Lender other than an Affected Lender to make or maintain Loans in accordance with the terms of this Agreement.

14. Alternate Rate of Interest.

If prior to the commencement of any Interest Period, the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate for such Interest Period, then the Administrative Agent shall give notice thereof to the Borrowers and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrowers and the Lenders that the circumstances giving rise to such notice no longer exist, all Loans shall bear interest at the Alternate Base Rate, plus the Applicable Margin, minus 1.00%.

15. Break Funding Costs.

In the event of (a) the payment of any principal of any Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the failure (other than as a result of a default by such Lender) to prepay any Loan on the date specified in any notice delivered pursuant hereto, or (c) the assignment of any Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.17, then, in any such event, each Borrower shall compensate each Lender for the loss, cost and expense sustained by such Lender attributable to such event with respect to the Class of Loans made to such Borrower. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate (minus the Applicable Margin) that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor, over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market (collectively, "Break Funding Costs"). Calculation of all amounts payable to a Lender under this Section 2.15 shall be made as though that Lender had actually funded each of its relevant Loans through the purchase of an eurodollar deposit bearing interest at the rate obtained pursuant to the definition of LIBO Rate in an amount equal to the amount of such Loan and having a maturity comparable to the relevant Interest Period; provided, however, that each Lender may fund each of its Loans in any manner it sees fit and the foregoing as assumptions shall be utilized only for the purposes of calculating amounts payable under this Section 2.15. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrowers (with a copy to the Administrative Agent) and shall be conclusive absent manifest error. The applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

16. Taxes.

(a) Any and all payments by the Credit Parties under or in respect of this Agreement or any other Operative Document to which such Credit Party is a party shall be made free and clear of, and without deduction or withholding for or on account of, any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities (including penalties, interest and additions to tax) with respect thereto, whether now or hereafter imposed, levied, collected, withheld or assessed by any taxation authority or other Governmental Authority (collectively, "Taxes"), unless required by law. If a Credit Party shall be required under any applicable law to deduct or withhold any Taxes from or in respect of any sum payable under or in respect of this Agreement or any other Operative Document to the Administrative Agent or Lender, (i) such Credit Party shall make all such deductions and withholdings in respect of Taxes, (ii) such Credit Party shall pay the full amount deducted or withheld in respect of Taxes to the relevant taxation authority or other Governmental Authority in accordance with any applicable law, and (iii) the sum payable by such Credit Party shall be increased as may be necessary so that after such Credit Party has made all required deductions and withholdings (including any such deductions and withholdings applicable to additional amounts payable under this Section 2.16) the Administrative Agent or Lender, as the case may be, receives an amount equal to the sum it would have received had no such deductions or withholdings been made in respect of Non-Excluded Taxes. For purposes of this Agreement the term "Non-Excluded Taxes" are Taxes other than, in the case of the Administrative Agent or a Lender, (1) Taxes based on or measured by net income, net worth or capital, intangibles taxes, property taxes, gross income taxes, and franchise taxes imposed by (A) the jurisdiction or jurisdictions under the laws of which (or under the laws of any political subdivision of which) the Administrative Agent or such Lender is organized or has its principal place of business, or any political subdivision thereof, (B) the jurisdiction or jurisdictions within which the office by which the loan was made or is maintained by such Lender is located, or (C) any other jurisdiction or jurisdictions, but only if such Tax is imposed by formulary apportionment on such Administrative Agent or Lender by reason of connections between such Administrative Agent or Lender other than in respect, or by reason, of this Agreement, unless such Administrative Agent or Lender becomes subject to Taxes or increased Taxes described in this clause (1) by such jurisdiction or jurisdictions in respect of this Agreement as a result of having executed, delivered or performed its obligations under or received payments under (other than mere increased Tax liability for interest payments received under this Agreement in respect of Taxes to which such Administrative Agent or Lender otherwise is subject), or enforced, this Agreement or any other Operative Document (in which case such Taxes described in this clause (1) will be treated as Non-Excluded Taxes), or (2) Taxes imposed as a result of the Administrative Agent's or such Lender's failure to comply with Section 2.16(e) (including, the inaccuracy or invalidity of any form provided pursuant to Section 2.16(e), except to the extent provided for in Section 2.16(g)).

(b) In addition, each Credit Party hereby agrees to pay any present or future stamp, recording, documentary, excise, property or value-added or similar Taxes that arise from any payment made under or in respect of this Agreement or any other Operative Document or from the execution, delivery or registration of, or any performance under this Agreement or any other Operative Document, other than such Taxes imposed by the jurisdictions described in Section 2.16(a)(1)(A) and (B), with respect to the Lender or the Administrative Agent claiming indemnification under this Section 2.16(b) (any such non-excluded Taxes, "Other Taxes").

(c) Each Credit Party hereby agrees to indemnify the Administrative Agent and Lender for, and to hold each of them harmless against, the full amount of Non-Excluded Taxes imposed in respect of this Agreement and Other Taxes, and the full amount of Taxes of any kind imposed by any jurisdiction on amounts payable under this Section 2.16 imposed on or paid by such Administrative Agent or Lender, as the case may be, and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. The indemnity by Credit Party provided for in this Section 2.16(c) shall apply and be made whether or not the Non-Excluded Taxes or Other Taxes for which indemnification hereunder is sought have been correctly or legally asserted. Amounts payable by Credit Party under the indemnity set forth in this Section 2.16(c) shall be paid within ten (10) days from the date on which the Administrative Agent or Lender makes written demand therefor. If the Administrative Agent or Lender, as the case may be, receives a tax refund that such person determines is solely attributable to any Taxes as to which the Administrative Agent or Lender has been indemnified under this Section 2.16(c), the Administrative Agent or Lender will pay to Credit Party (net of all out of pocket expenses) the amount that, in the Administrative Agent or Lender's sole discretion, is solely attributable to such Taxes.

(d) Within thirty (30) days after the date of any payment of Taxes, a Credit Party (or any Person making such payment on behalf of a Credit Party) shall furnish to the Administrative Agent or Lender, as the case may be, for its own account a certified copy of the original official receipt evidencing payment thereof.

(e) For purposes of this clause (e) of this Section 2.16, the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code. The Administrative Agent and each Lender (including for avoidance of doubt any assignee, successor or Participant) that either (i) is not incorporated under the laws of the United States, any State thereof, or the District of Columbia or (ii) whose name does not include "Incorporated," "Inc.," "Corporation," "Corp.," "P.C.," "insurance company," or "assurance company" (a "Non-Exempt Lender") shall deliver or cause to be delivered to a Credit Party the following properly completed and duly executed documents at the time such Lender becomes a Lender and thereafter upon request, when such form expires:

- i. in the case of a Non-Exempt Lender that is not a United States person, a complete and executed (x) U.S. Internal Revenue Form W-8BEN with Part II completed in which Lender claims the benefits of a tax treaty with the United States providing for a zero or reduced rate of withholding (or any successor forms thereto), including all appropriate attachments or (y) a U.S. Internal Revenue Service Form W-8ECI (or any successor forms thereto); or
- ii. in the case of a Non-Exempt Lender that is an individual, (x) a complete and executed U.S. Internal Revenue Service Form W-8BEN (or any successor forms thereto) and a certificate substantially in the form of Exhibit J (a "Section 2.16 Certificate") or (y) a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto); or
- iii. in the case of a Non-Exempt Lender that is organized under the laws of the United States, any State thereof, or the District of Columbia, a complete and executed U.S. Internal Revenue Service Form W-9 (or any successor forms thereto), including all appropriate attachments; or
- iv. in the case of a Non-Exempt Lender that (x) is not organized under the laws of the United States, any State thereof, or the District of Columbia and (y) is treated as a corporation for U.S. federal income tax purposes, a complete and executed U.S. Internal Revenue Service Form W-8BEN claiming a zero rate of withholding (or any successor forms thereto) and a Section 2.16 Certificate; or
- v. in the case of a Non-Exempt Lender that (A) is treated as a partnership or other non-corporate entity for U.S. federal income tax purposes, and (B) is not organized under the laws of the United States, any State thereof, or the District of Columbia, (x)(i) a complete and executed U.S. Internal Revenue Service Form W-8IMY (or any successor forms thereto) (including all required documents and attachments) and (ii) a Section 2.16 Certificate, and (y) without duplication, with respect to each of its beneficial owners and the beneficial owners of such beneficial owners looking through chains of owners to individuals or entities that are treated as corporations for U.S. federal income tax purposes (all such owners, "beneficial owners"), the documents that would be required by clause (i), (ii), (iii), (iv), (vi), (vii) and/or this clause (v) with respect to each such beneficial owner if such beneficial owner were Lender, provided, however, that no such documents will be required with respect to a beneficial owner to the extent the actual Lender is determined to be in compliance with the requirements for certification on behalf of its beneficial owner as may be provided in applicable U.S. Treasury regulations, or the requirements of this clause (v) are otherwise determined to be unnecessary, all such determinations under this clause (v) to be made in the sole discretion of a Credit Party, provided, however, that Lender shall be provided an opportunity to establish such compliance as reasonable; or
- vi. in the case of a Non-Exempt Lender that is disregarded for U.S. federal income tax purposes, the document that would be required by clause (i), (ii), (iii), (iv), (v), (vi) and/or this clause (vi) of this Section 2.16(e) with respect to its beneficial owner if such beneficial owner were the Lender; or
- vii. in the case of a Non-Exempt Lender that (A) is not a United States person and (B) is acting in the capacity as an "intermediary" (as defined in U.S. Treasury Regulations), (x)(i) a U.S. Internal Revenue Service Form W-8IMY (or any successor form thereto) (including all required documents and attachments) and (ii) a Section 2.16 Certificate, and (y) if the intermediary is a "non-qualified intermediary" (as defined in U.S. Treasury Regulations), from each person upon whose behalf the "non-qualified intermediary" is acting the documents that would be required by clause (i), (ii), (iii), (iv), (v), (vi), and/or this clause (vii) with respect to each such person if each such person were Lender; or
- viii. as requested by a Credit Party, such other forms, certificates and documentation as the Administrative Agent or such Lender is, in its sole discretion, legally entitled to furnish and as may be necessary or appropriate to obtain any reduction of or exemption from any withholding or other Taxes on any payments made under this Agreement, unless it is legally inadvisable or otherwise commercially disadvantageous for such Administrative Agent or Lender to deliver such form, certificate, or other documentation.

(f) If the forms referred to above in clause (e) of this Section 2.16 that are provided by the Administrative Agent and/or a Lender at the time such Administrative Agent or Lender first becomes a party to this Agreement indicate a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be treated as Taxes other than "Non-Excluded Taxes" ("Excluded Taxes") and shall not qualify as Non-Excluded Taxes unless and until such Administrative Agent or Lender provides the appropriate form certifying that a lesser rate applies, whereupon withholding tax at such lesser rate shall be considered Excluded Taxes solely for the periods governed by such form. If, however, on the date a Person becomes an assignee, successor or Participant to this Agreement, Lender transferor was entitled to indemnification or additional amounts under this Section 2.16, then the Lender assignee, successor or Participant shall be entitled to indemnification or additional amounts to the extent (and only to the extent), that the Lender transferor was entitled to such indemnification or additional amounts for Non-Excluded Taxes, and the Lender assignee or successor shall be entitled to additional indemnification or additional amounts for any other or additional Non-Excluded Taxes. Notwithstanding anything to the contrary in this Section 2.16, a Participant shall not be entitled to indemnification or additional amounts pursuant to this Section 2.16 for any Other Taxes or Non-Excluded Taxes to the extent such indemnification or additional amounts would exceed the amounts payable by the Credit Parties had the participation not taken place and such Participant shall not be entitled to such indemnification or additional amounts unless such Participant complies with the requirements of Section 2.17 (insofar as they relate to Section 2.16) as if such Participant were a Lender.

(g) For any period with respect to which the Administrative Agent or a Lender has failed to provide Credit Party with the appropriate, accurate and valid form, certificate or other document described in clause (e) of this Section 2.16 (other than (i) if such failure is due to a change in any applicable law, or in the interpretation or application thereof, occurring after the date on which a form, certificate or other document originally was required to be provided or (ii) if such form, certificate or other document is otherwise not required under clause (e) of this Section 2.16), such Administrative Agent or Lender shall not be entitled to indemnification or additional amounts under clauses (a) or (c) of this Section 2.16 with respect to Non-Excluded Taxes imposed by the United States by reason of such failure; provided, however, that should the Administrative Agent or a Lender become subject to Non-Excluded Taxes because of its failure to deliver a form, certificate or other document required hereunder, Credit Party shall take such steps as such Administrative Agent or Lender shall reasonably request, to assist such Administrative Agent or Lender in recovering such Non-Excluded Taxes.

(h) If the Administrative Agent or any Lender is, in its sole opinion, able to apply for any credit, deduction or other reduction in the Taxes of such Administrative Agent or Lender described in the exclusion from Non-Excluded Taxes contained in clause (a)(1) of this Section 2.16 by reason of any payment made by a Credit Party under clause (a) or (c) of this Section 2.16, the Administrative Agent or such Lender, as the case may be, shall use reasonable efforts to obtain such credit, deduction or other reduction and, upon receipt thereof, will pay to Credit Party such amount, not exceeding the increased amount paid by Credit Party, as is equal to the net after-tax value to the Administrative Agent or such Lender (taking into account any tax benefit to the Administrative Agent or such Lender solely as a result of payments made pursuant to this clause (h)), in its sole opinion, of such part of such credit, deduction or other reduction as it considers to be allocable to such payment by Credit Party, having regard to all of the Administrative Agent's or such Lender's dealings giving rise to similar credits, deductions or other reductions in relation to the same tax period and to the cost of obtaining the same; provided, however, that (i) the Administrative Agent or such Lender, as the case may be, shall not be obligated to disclose to Credit Party any information regarding its tax affairs or computations and (ii) nothing in this Section 2.16(h) shall interfere with the right of the Administrative Agent or such Lender to arrange its tax affairs as it deems appropriate.

(i) An Administrative Agent or Lender pursuant to Section 2.16(a) hereof shall take all reasonable actions (consistent with its internal policy and legal and regulatory restrictions) requested by a Credit Party to assist such Credit Party, at the sole expense of such Credit Party, to recover from the relevant taxation authority or other Governmental Authority any Taxes in respect of which amounts were paid by a Credit Party pursuant to Sections 2.16(a), (b) or (c) hereof. However, an Administrative Agent or Lender, as the case may be, will not be required to take any action that would be, in the sole judgment of an Administrative Agent or Lender, legally inadvisable, or commercially or otherwise disadvantageous to an Administrative Agent or Lender in any respect,

and in no event shall an Administrative Agent or Lender be required to disclose any tax returns or any other information that, in the sole judgment of the Administrative Agent or Lender is confidential.

(j) Without prejudice to the survival of any other agreement of each Credit Party hereunder, the agreements and obligations of each Credit Party contained in this Section 2.16 shall survive the termination of this Agreement. Nothing contained in this Section 2.16 shall require the Administrative Agent or Lender to make available any of its tax returns or any other information that it deems to be confidential or proprietary.

17. Mitigation Obligations; Replacement of Lenders.

- a. If any Lender requests compensation under Section 2.12, or if any Lender becomes an Affected Lender or if a Credit Party is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the good faith judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.12 or 2.16, as the case may be, in the future or would allow such Affected Lender's Affected Loans to bear interest at the LIBO Rate plus the Applicable Margin and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. Continental hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.
- b. If any Lender requests compensation under Section 2.12, or if a Credit Party is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.16, or if any Lender becomes an Affected Lender or if any Lender defaults in its obligation to fund Loans hereunder, then such Credit Party may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.03), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (i) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or a Credit Party (in the case of all other amounts) and (ii) in the case of any such assignment resulting from a claim for compensation under Section 2.12 or payments required to be made pursuant to Section 2.16, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling a Credit Party to require such assignment and delegation cease to apply.

II.

CONDITIONS OF LENDING

1. Conditions Precedent.

The obligation of any Lender to make its Tranche A-1 Term Loan and its Tranche A-2 Term Loan is subject to the satisfaction of (or waiver by) each Lender affected thereby of each of the following conditions:

- a. On or before the Closing Date, the Administrative Agent shall have received the following documents (with, in the case of clauses (i) through (v), and (xvi) through (xviii) below, sufficient originals for each Lender and, in the case of the remaining clauses below, sufficient copies for each Lender), each in form and substance mutually satisfactory to the Administrative Agent and the Credit Parties, and in the case of the documents referred to in clauses (i) through (v) of this Section 3.01(a), duly executed and delivered by all the parties thereto:
 - i. this Agreement;
 - ii. the AMI Security Agreement, the AMI Stock Pledge Agreement and the AMI Grant of Trademark Security Interest;
 - iii. the CMI Security Agreement, the CMI Stock Pledge Agreement, the CMI Grant of Trademark Security Interest and the CMI Account Control Agreement;
 - iv. the Continental SGR Pledge Agreement;
 - v. the CMI SGR Pledge Agreement;
 - vi. the Intercompany Subordination Agreement;
 - vii. each Collateral Certificate;
 - viii. Appraisal Reports, in form and substance satisfactory to the Administrative Agent and the Lenders, from an Appraiser and dated not earlier than 70 days prior to the Closing Date, setting forth the Current Market Value, in the opinion of such Appraiser, of the CAL Collateral and the CMI Business;
 - ix. A certificate signed on behalf of Continental by one of its officers (A) showing that the initial aggregate principal amount of the Loans is not greater than 44.0% of the sum of the Current Market Value of the CAL Collateral and of the CMI Business, as set forth in the Appraisal Reports delivered pursuant to Section 3.01(a)(viii), and (B) specifying the Consolidated Unrestricted Cash Balance as of the Close of Business on the last Business Day of the calendar month preceding the Closing Date;
 - x. A copy of the Certificate of Incorporation of each of Continental, AMI and CMI and all amendments and supplements thereto filed in the office of the Secretary of State of the State of Delaware, each certified by said Secretary of State as being a true and correct copy thereof;
 - xi. A long form certificate of good standing of the Secretary of State of the State of Delaware for each of Continental, AMI and CMI, dated within five Business Days of the Closing Date, stating that Continental, AMI and CMI, as the case may be, is in good standing in said State;
 - xii. A long form certificate of good standing of the Secretary of State of the State of Texas, dated within ten Business Days of the Closing Date, stating that Continental is qualified as a foreign corporation to do business in said State;
 - xiii. A tax status letter from the Comptroller of the State of Texas dated within ten Business Days of the Closing Date, stating that Continental is current with regard to payment of its franchise taxes;
 - xiv. A copy, certified by the Secretary or an Assistant Secretary of Continental, of the by-laws of Continental and of the resolutions of the Board of Directors of Continental duly authorizing the Transactions;
 - xv. A copy, certified by the Secretary or an Assistant Secretary of AMI, of the by-laws of AMI and of the resolutions of the Board of Directors of AMI duly authorizing the transactions contemplated by the Operative Documents to which AMI is a signatory;
 - xvi. A copy, certified by the Secretary or an Assistant Secretary of CMI, of the by-laws of CMI and of the resolutions of the Board of Directors of CMI duly authorizing the transactions contemplated by the Operative Documents to which CMI is a signatory;
 - xvii. An incumbency certificate of the Secretary or an Assistant Secretary of each of Continental, AMI and CMI, certifying the names and true signatures of the officers of Continental, AMI and CMI authorized to sign the Operative Documents and the other documents to be executed

and delivered by Continental, AMI and CMI pursuant to this Agreement;

- xviii. A favorable opinion of Jennifer L. Vogel, Esq., General Counsel of Continental, in form and substance satisfactory to the Administrative Agent and the Lenders, as to such matters as the Administrative Agent or any Lender may reasonably request (and Continental hereby instructs such counsel to deliver such opinion to the Administrative Agent and the Lenders);
 - xix. A favorable opinion of Hughes Hubbard & Reed LLP, special counsel to Continental, in form and substance satisfactory to the Administrative Agent and the Lenders, as to such matters as the Administrative Agent or any Lender may reasonably request (and Continental hereby instructs such counsel to deliver such opinion to the Administrative Agent and the Lenders);
 - xx. A favorable opinion of Hughes Hubbard & Reed LLP, special counsel to Continental, in form and substance satisfactory to the Administrative Agent and the Lenders, as to the ability to grant a valid security interest in Routes (and Continental hereby instructs such counsel to deliver such opinion to the Administrative Agent and the Lenders); and
 - xxi. Such other documents relating to the Transactions as the Administrative Agent or any Lender may reasonably request.
- b. UCC financing statements covering all the security interests in the Collateral, created by or pursuant to the Collateral Documents shall have been duly filed or shall be duly filed simultaneously with the advance of the Loans to the Borrowers in the State of Delaware and in all other applicable jurisdictions in the United States of America and its territories necessary or desirable to perfect said security interests and there shall have been taken all other action as the Administrative Agent or any Lender through the Administrative Agent may reasonably request or as shall be necessary to perfect such security interests to the extent required by the applicable Collateral Documents.
 - c. The Administrative Agent shall have received (i) the certificates representing the CMI Shares and the AMI Shares, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof, (ii) all promissory notes and other instruments pledged pursuant to the Collateral Documents having a face amount of \$500,000 or more, each endorsed in blank by a duly authorized officer of the pledgor thereof, (iii) the original counterpart of all chattel paper pledged pursuant to the Collateral Documents having a face amount of \$500,000 or more, duly endorsed in a manner satisfactory to the Administrative Agent. Each Issuer referred to in the Collateral Documents shall have delivered an acknowledgement of and consent to such Collateral Document, executed by a duly authorized officer of such Issuer, in substantially the form appended to such Collateral Document.
 - d. The Credit Parties shall have taken or caused to be taken, or shall take or shall cause to be taken simultaneously with the advance of the Loans to the Borrowers, all such actions as the Administrative Agent or any Lender through the Administrative Agent may reasonably request or as shall be necessary to constitute each of the Collateral Documents valid, perfected and enforceable first priority security interests in the respective collateral pledged pursuant thereto (subject only to Permitted Encumbrances) to the extent required by the applicable Collateral Documents and to the extent such collateral has not been released (unless it has been reassigned) pursuant to the terms of such Collateral Documents or the other Operative Documents. Such actions shall include, but not be limited to, the filing of the AMI Grant of Trademark Security Interest and the CMI Grant of Trademark Security Interest with the PTO.
 - e. No statute, regulation, order, decree or injunction shall be in effect which materially restricts or prohibits the consummation of the transactions contemplated by this Agreement.
 - f. The Administrative Agent shall have received the results of a recent lien search as to financing statements against the Credit Parties, and such search shall reveal no liens on the Collateral except for Liens permitted under Section 6.01.
 - g. Continental shall have obtained, or shall have caused AMI and CMI to have obtained, on or prior to the Closing Date, any consents or waivers to the extent necessary in order to grant the security interests purported to be granted by the Collateral Documents in the collateral covered thereby to the extent provided therein.
 - h. The Administrative Agent, the Arranger and the Lenders shall have received all fees due and payable hereunder and the Engagement Letter, including, without limitation, the fees and reasonable expenses of Cadwalader, Wickersham & Taft LLP, special New York counsel to the Arranger as provided in Section 9.05 (to the extent that statements for such fees and expenses containing reasonable substantiating details have been delivered to Continental not less than two Business Days prior to the Closing Date).
 - i. The representations and warranties made by each Credit Party in any Operative Document to which it is a party shall be true and correct in all material respects on and as of the Closing Date as though made on and as of the Closing Date (except to the extent any such representation or warranty shall have been made with references to a specified date, in which case such representation and warranty shall be true and correct as of such specified date), and the Administrative Agent shall have received a certification from the Credit Parties to such effect. No event shall have occurred and be continuing, or would result from the making of such Loan or from the application of the proceeds therefrom, that constitutes an Event of Default, and the Administrative Agent shall have received a certification from the Borrowers to such effect, which may be in the Notice of Borrowing.
 - j. The Credit Parties shall have performed or observed and be continuing to observe and perform each term, covenant or agreement contained in any Operative Document.
 - k. The Arranger shall have completed a due diligence investigation of the business, assets, operations, properties, condition (financial or otherwise), contingent liabilities, prospects and material agreements of the Credit Parties and their Subsidiaries in scope, and with results, satisfactory to the Arranger. Except as disclosed in writing to the Administrative Agent and the Lenders prior to the advance of the Loans to the Borrowers, there shall not have occurred a Material Adverse Effect since March 31, 2005.
 - l. There shall be no action, suit, investigation or proceeding pending or, to the knowledge of the Credit Parties, threatened in any court or before any arbitrator or Governmental Authority that (i) would reasonably be expected to have a Material Adverse Effect or (ii) purports to adversely affect the Transactions.
 - m. All Loans made by the Lenders to the Borrowers or any of their affiliates shall be in full compliance with the regulations of the Board, including Regulations G, T and U.
 - n. The receipt by the Administrative Agent of such other documents relating to the transactions contemplated hereby as the Administrative Agent or any Lender may reasonably request.

2. Determinations Under Section 3.01

. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by the Operative Documents shall have received notice from such Lender prior to the proposed Closing Date, specifying its objection thereto and such Lender shall not have made available to the Agent such Lender's ratable portion of the Loans. The Agent shall promptly notify the Lenders of the occurrence of the Closing Date.

III.

REPRESENTATIONS AND WARRANTIES

Continental represents and warrants to the Lenders that:

1. Organization; Powers.

Each Credit Party is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as such business is being conducted and, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

2. Authorization; Enforceability.

The Transactions and each other document or agreement to be entered into by a Credit Party, pursuant to this Agreement or any other Operative Document are within such Credit Party's corporate powers and have been duly authorized by all necessary corporate and, if required, stockholder action. This Agreement has been and each of the other Operative Documents will on the Closing Date be, duly executed and delivered by each Credit Party that is a party thereto. This Agreement constitutes and each of the other Operative Documents will on the Closing Date constitute, a legal, valid and binding obligation of each Credit Party that is a party thereto, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

3. Approvals; No Conflicts.

The transactions contemplated by or pursuant to the Operative Documents (a) do not require any consent or approval of, registration or filing with, or any other action by, any Governmental Authority or any other Person, except such as have been obtained or made and are in full force and effect, or are being made simultaneously herewith, or are required or contemplated by the terms of the Operative Documents after the date hereof, including, as a result of the exercise of the Lender's remedies under the Operative Documents, (b) will not violate any applicable law or regulation or the certificate of incorporation or by laws of any Credit Party or any order of any Governmental Authority, (c) will not violate or result in a default under any material indenture, agreement or other instrument binding upon any Credit Party or its assets, or give rise to a right thereunder to require any payment to be made by any Credit Party, and (d) will not result in the creation or imposition of any Lien (other than Permitted Encumbrances) on any asset of any Credit Party.

4. Financial Condition; No Material Adverse Effect; Disclosure.

- a. The consolidated balance sheet of each of Continental and AMI, in each case together with their respective Subsidiaries, as of December 31, 2004, and the related consolidated statements of operations and cash flows for the fiscal year then ended, reported on by Ernst & Young LLP and, in the case of Continental, set forth in Continental's report on Form 10-K as filed with the SEC for the year ended December 31, 2004, copies of each of which have been delivered to each of the Lenders, fairly present, in conformity with generally accepted accounting principles, the consolidated financial positions of Continental and AMI, in each case together with their respective Subsidiaries, as of such date and their respective consolidated results of operations and cash flows for such fiscal year.
- b. The unaudited consolidated balance sheet of Continental and its Subsidiaries as of March 31, 2005 and the related unaudited consolidated statements of operations and cash flows for the three months then ended, set forth in Continental's report on Form 10-Q as filed with the SEC, a copy of which has been delivered to each of the Lenders, fairly present, in conformity with generally accepted accounting principles (except for the absence of all required footnotes) applied on a basis consistent with the financial statements referred to in subsection (i) of this Section, the consolidated financial position of Continental and its Subsidiaries as of such date and their consolidated results of operations and cash flows for such three month period (subject to normal year-end adjustments).
- c. Since the date of the financial statements delivered to the Lenders pursuant to Subsection (b) of this Section, there has been no Material Adverse Effect.
- d. No written information, exhibit or report (as modified or supplemented by other written information so furnished) or the Schedules hereto, taken as a whole, furnished by or on behalf of any Credit Party to the Administrative Agent, the Arranger or any Lender in connection with the negotiation and syndication of the Operative Documents or pursuant to the terms of the Operative Documents contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements made therein not misleading in light of the circumstances in which such information, exhibits and reports were provided; provided that, with respect to projections, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

5. Properties.

- a. Each Credit Party has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title or leasehold interests that do not materially interfere with its ability to conduct its business as such business is being conducted or to utilize such properties for their intended purposes.
- b. Each of Credit Party has good title to the Collateral owned by it, free and clear of all Liens except for Permitted Encumbrances.

6. Litigation and Environmental Matters.

- a. Except for the Disclosed Matters, there are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any of its Subsidiaries which would be required to be disclosed under Item 103 of the Securities and Exchange Commission Regulation S-K in a Form S-1 registration statement filed by Continental under the Securities Act of 1933, as amended, on the date that this representation is made.
- b. Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, no Credit Party nor any of their Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

7. Compliance with Laws and Agreements; Labor Relations.

(a) Each Credit Party is in compliance with (i) all laws, regulations and orders of any Governmental Authority applicable to it or its property and all applicable aviation, transportation, environmental, health and safety statutes and regulations, both foreign and domestic and (ii) all indentures, agreements and other instruments binding upon it or its property, except in each case where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. Not more than 25% of the value of the assets of the Credit Parties, on a consolidated basis, constitutes margin stock (as such terms are used under Regulation U).

(b) Except for Disclosed Matters, no Credit Party is aware of any strike, labor dispute, slowdown or stoppage pending or, to the best knowledge of each Credit Party, threatened against a Credit Party; which, in each case, has not been publicly disclosed and would be required to be disclosed under applicable SEC disclosure requirements in a Form S-1 registration statement filed by Continental under the Securities Act of 1933, as amended, on the date that this representation is made.

8. Investment and Holding Company Status.

No Credit Party is (a) an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940 or (b) a "holding company" as defined in, or subject to regulation under, the Public Utility Holding Company Act of 1935.

9. Taxes.

Each Credit Party has timely filed or caused to be filed all Tax returns and reports required to have been filed by it and has timely paid or caused to be paid all Taxes required to have been paid by it, except (a) for any such Taxes that are being contested in good faith by appropriate proceedings or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

10. ERISA.

No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect.

11. Perfection of Security Interest.

Except for the filing of UCC financing statements in respect of the Collateral in the State of Delaware, which filings shall have been made and be in effect on (or simultaneously with) the Closing Date, the taking of possession by the Administrative Agent of the certificates representing the pledged capital stock of AMI and CMI, the execution and delivery of the CMI Account Control Agreement by the parties thereto and the filing of the AMI Grant of Trademark Security Interest and the CMI Grant of Trademark Security Interest with the PTO, no further filing or recording of any document and no other action is necessary or advisable in the State of Delaware or any other applicable jurisdiction in the United States of America and its territories in order to establish and perfect, under the laws of New York, Delaware or such other applicable jurisdiction in the United States of America and its territories, the Administrative Agent's security interest in the Collateral (excluding fixtures) with respect to which a security interest may be perfected by a filing pursuant to the UCC, to the extent required by the applicable Collateral Documents. Such security interests (i) will be valid and enforceable and (ii) will not be subject to any defense, counterclaim or set-off of any Credit Party.

12. Use of Proceeds.

The proceeds of the Tranche A-2 Loans will be loaned by CMI to Continental subject to the Intercompany Subordination Agreement. The proceeds of the Tranche A-1 Term Loans and such loan by CMI to Continental will be used for general corporate purposes of Continental and its Subsidiaries. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations G, T and U.

13. AMI and CMI Stock.

All of the outstanding shares of capital stock of AMI and CMI have been validly issued, are fully paid and non-assessable and are wholly owned by Continental, in the case of the shares of AMI, or by AMI, in the case of the shares of CMI.

14. No Default.

No Credit Party is in default under or with respect to any contractual obligation that would, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

15. Casualty, Etc.

Neither the business nor the properties of any Credit Party or any of their Material Subsidiaries are affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance) that would reasonably be expected to result in a Material Adverse Effect, other than as described in the financial statements delivered to the Lenders pursuant to Section 4.04(b) or in previous filings with the SEC.

16. Permits.

Each of Continental and CMI is an "air carrier" within the meaning of Section 40102 of Title 49 and each holds a certificate under Section 41102 of Title 49. Each of Continental and CMI holds an air carrier operating certificate issued pursuant to Chapter 447 of Title 49 of the U.S. Code. Each of Continental, CMI and AMI is a Citizen of the United States. All certificates, franchises, licenses, permits, rights, designations, authorizations, exemptions, concessions and consents (i) issued by the FAA, DOT or any Foreign Aviation Authority necessary (A) for Continental to have the right to operate flights under any of the Trans-Pacific Routes and the Narita Slots, or (B) for AMI or CMI to have the right to operate flights under any of the CMI Material Routes or CMI Material Slots (collectively, the "Route Permits"), or (ii) issued by any Governmental Authority and necessary for Continental, AMI or CMI to own or operate its property or business (collectively, the "Operating Permits"), except where the failure to have any such Operating Permit, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect or materially and adversely affect the ability of a Credit Party to operate flights under a Specified Route (the Route Permits and Operating Permits required under this clause (ii), the "Required Permits") are in full force and effect, and there are no proceedings pending, or to the knowledge of any Credit Party, threatened which challenge the effectiveness of or the right of any Credit Party to operate under any Required Permit applicable to it.

17. Slot Utilization.

Continental is utilizing the Narita Slots and CMI is utilizing the CMI Material Slots in a manner consistent in all material respects with applicable regulations, foreign laws, and contracts in order to preserve both their right to hold and operate such Slots. No Credit Party has received any notice from any applicable Foreign Aviation Authority, nor is any Credit Party aware of any other event or circumstance, that would be reasonably likely to impair Continental's right to hold and operate the Narita Slots or CMI's right to hold and operate the CMI Material Slots in any material respect.

18. Route Utilization.

Continental, in the case of the Trans-Pacific Routes, AMI, in the case of the AMI Routes, and CMI, in the case of the CMI Routes, hold the requisite authority to operate such Routes (except that CMI rather than AMI is authorized to operate the AMI Routes) pursuant to Title 49, all rules and regulations promulgated thereunder, applicable foreign law, and the applicable rules and regulations of the FAA, the DOT and any applicable Foreign Aviation Authorities and are in compliance in all material respects with all of the terms, conditions and limitations of each such certificate or order issued by the DOT and the applicable Foreign Aviation Authorities regarding such Route and with all applicable provisions of Title 49 of the U.S. Code or applicable foreign law. There exists no violation of such terms, conditions or limitations that gives the FAA, DOT or any applicable Foreign Aviation Authority the right to terminate, cancel, withdraw or modify in any material adverse respect the rights of Continental with respect to the Trans-Pacific Routes, AMI with respect to the AMI Routes currently being operated by CMI or CMI with respect to the CMI Routes currently being operated by CMI.

19. No Burdensome Restrictions.

There are no burdensome restrictions under applicable law (other than regulatory restrictions generally applicable to U.S. air carriers operating domestically and internationally) or under any material contracts of any Credit Party (other than the Merchant Services Bankcard Agreement dated December 26, 2003, among Continental, JP Morgan Chase Bank, N.A., and Chase Merchant Services LLC) that would reasonably be expected to result in a Material Adverse Effect.

20. Solvency.

After giving effect to any Loans made to the Borrowers hereunder, each of the Borrowers is Solvent.

21. Anti-Terrorism Law.

- a. The Borrowers are not and, to the knowledge of the executive officers of the Borrowers, no Affiliate or broker or other agent of the Borrowers acting or benefiting in any capacity in connection with the Loans is, any of the following:
- i. a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;
 - ii. a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Prescribed Law; or
 - iii. a Person that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list.
- b. No Borrower and, to the knowledge of the executive officers of each Borrower, no broker or other agent of the Borrowers acting in any capacity in connection with the Loans (i) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or, to the knowledge of the executive officers of each Borrower, to or for the benefit of any Person described in clause (a) above or (ii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

22. Intellectual Property.

Each Credit Party owns, or is licensed to use, all trademarks, tradenames and copyrights necessary for the conduct of its business as currently conducted except for those the failure to own or license which could not reasonably be expected to have a Material Adverse Effect (the "Intellectual Property"). No material claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does such Credit Party know of any valid basis for any such claim. The use of such Intellectual Property by the Borrower and its Subsidiaries does not infringe on the rights of any Person, except for such claims and infringements that, in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

IV.

AFFIRMATIVE COVENANTS

From the time the Lenders advance the Loans to the Borrowers until the Termination Date, the following covenants shall be effective:

1. Financial Statements and Other Information.

Continental will furnish, or will with respect to clause (c), hereof cause AMI to furnish, to the Administrative Agent and (other than with respect to clauses (d), (g) and (h) hereof) each Lender:

- a. within 90 days (or such longer period as is permitted for the filing of an equivalent periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules) after the end of each fiscal year of Continental, a copy of the Form 10-K filed by Continental with the SEC for such fiscal year, or, if no such form 10-K was so filed, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, (i) setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing to the effect that such consolidated financial statements present fairly in all material respects the consolidated financial condition and results of operations of Continental and its Subsidiaries on a consolidated basis in accordance with GAAP and (ii) not containing any Impermissible Qualification;
- b. (i) within 60 days (or such longer period as is permitted for the filing of an equivalent periodic report to the extent an extension thereof has been obtained under Rule 12b-25 of the General Rules and Regulations under the Securities Exchange Act of 1934, or any successor rules) after the end of each of the first three fiscal quarters of each fiscal year of Continental, a copy of the Form 10-Q filed by Continental with the SEC for such quarterly period, or, if no such Form 10-Q was so filed, its consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and (in the case of the statement of operations) for such fiscal quarter and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of the corresponding period or periods of) the previous fiscal year, all certified by one of its Financial Officers as presenting fairly in all material respects the financial condition and results of operations of Continental and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year end audit adjustments and the absence of footnotes and (ii) if quarterly financial statements of the type referred to in clause (i) have been prepared with respect to a fiscal quarter for AMI or CMI, then promptly after they have prepared such financial statements;
- c. (i) within 120 days after the end of each fiscal year of AMI, AMI's consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, (A) setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Ernst & Young LLP or other independent public accountants of recognized national standing to the effect that such consolidated financial statements present fairly in all material respects the consolidated financial condition and results of operations of AMI and its subsidiaries on a consolidated basis in accordance with GAAP and (ii) if annual financial statements of the type referred to in clause (i) have been prepared with respect to a fiscal year for CMI (whether audited or unaudited), then promptly after they have prepared such financial statements and (B) not containing any Impermissible Qualification;
- d. not more than 45 days following the commencement of each fiscal year of Continental, a budget for Continental and its Subsidiaries consisting of a projected statement of income and a projected statement of cash flows for each fiscal quarter of such fiscal year as is customarily prepared by management for its internal use and similar in scope and detail to the budget delivered to the Administrative Agent prior to the Closing Date (and representatives of Continental shall be available at reasonable times to discuss with the Administrative Agent the assumptions on which such statement are prepared);
- e. concurrently with any delivery of the annual financial statements under clause (a) above, (i) a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default insofar as such Default or Event of Default relates to accounting matters, except as specified in such certificate, and (ii) if any Default or Event of Default is specified in the certificate given in (i), a certificate of an officer of Continental specifying the details thereof and any action taken or proposed to be taken with respect thereto;
- f. promptly after the same become publicly available, copies of all Form 8-K (excluding the exhibits thereto) and proxy statements (excluding the exhibits thereto) filed by Continental or any Subsidiary with the SEC, or with any national securities exchange, or distributed by Continental to its shareholders generally, as the case may be, *provided* that, in lieu of furnishing the Administrative Agent or any Lender any copy of Continental's Form 10-K, Form 10-Q, Form 8-K or proxy statement pursuant to this Section 5.01, Continental may send to the Administrative Agent or such Lender an email within the applicable time period specified above that states that such document has been filed with the SEC and setting forth a web site address or hyperlink at which such document may be accessed;
- g. within five (5) Business Days after the end of each fiscal quarter, (i) a Consolidated Unrestricted Cash Balance Report; *provided* that such information shall be provided solely to the Administrative Agent's Global Asset Based Finance group (except to the extent legally required to be delivered to other persons within ML or its Affiliates), which shall keep such information strictly confidential and solely within such group or other persons;

- h. to the Administrative Agent by no later than the date that the financial statements referred to in clause (a) or (b) above are required to be delivered, copies of any amendments to the Organic Documents made during the period covered by such financial statements and not previously delivered hereunder; and
- i. promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Credit Parties or any of their Subsidiaries, or compliance with the terms of this Agreement, as the Administrative Agent or any Lender acting through the Administrative Agent may reasonably request.

2. Notices of Material Events.

Continental will furnish to the Administrative Agent and at the same time to each Lender prompt written notice of the occurrence of any of the following:

- a. an Event of Default;
- b. an Unrestricted Cash Balance Trigger Event;
- c. an Appraisal Event; and
- d. an event referred to in Item 1.01, 1.02, 1.03, 2.04, 4.01, 4.02, 5.01, 5.02 or 5.03 of Form 8-K as to which Continental is required to file a Form 8 K with the SEC.

Each notice delivered under clause (a) of this Section shall be accompanied by a statement of an officer of Continental setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto. Continental may satisfy its obligation under clause (d) of this Section if it files with the SEC a Form 8-K with respect to an event and complies with Section 5.01(f) with respect to such Form 8-K.

3. Existence; Conduct of Business.

Each Credit Party will do or cause to be done all things necessary (a) to preserve and maintain its legal existence and (b) to preserve the rights, licenses, permits, privileges and franchises material to the conduct of the businesses of the Credit Parties as a whole; *provided* that, the foregoing shall not prohibit any transaction permitted under Section 6.03 or any Fundamental Transaction permitted under Section 6.02 or require the preservation of any right, license, permit, privilege or franchise if the management of the applicable Credit Party shall determine that the preservation thereof is no longer desirable and the failure to do so would not, individually or in the aggregate, result in a Material Adverse Effect.

4. Maintenance of Properties; Insurance.

Each Credit Party will (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain, with financially sound and reputable insurance companies or with the U.S. government, insurance in such amounts with such deductibles or other self-insurance and against such risks as are customarily maintained by companies engaged in the same or similar businesses.

5. Books and Records; Inspection Rights.

- a. Each Credit Party will make and keep books, records and accounts in which full, true and correct entries in conformity with GAAP are made of all financial dealings and transactions in relation to its business and activities, including, without limitation, an accurate and fair reflection of the transactions and dispositions of the assets of such Credit Party.
- b. Each Credit Party will permit any representatives (if such Credit Party is legally permitted to do so) designated by the Administrative Agent or any Governmental Authority that is authorized to supervise or regulate the operations of a Lender, as designated by such Lender, upon reasonable prior written notice and at no out of pocket cost to any Credit Party, to visit and inspect the Collateral owned by such Credit Party (including, but not limited to, a review and confirmation of any information contained in any Borrowing Base Certificate), its properties, to examine its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times during normal business hours and as often as reasonably requested.

6. Compliance with Laws.

Each Credit Party will comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

7. Further Assurances.

Each Credit Party will, at its own expense, promptly and duly execute and deliver to the Administrative Agent such further documents and instruments and take such further action as may be necessary in order effectively to carry out the intent and purpose of this Agreement and the other Operative Documents and to establish and protect the rights and remedies created or intended to be created in favor of the Administrative Agent and the Lenders hereunder and thereunder with respect to such Credit Party, *provided* that any such document, instrument or action shall not expand any obligation or limit any rights of any Credit Party under any Operative Document.

8. Slots and Routes.

(a) Each Credit Party will take all actions necessary in order to maintain the right to operate, in the case of Continental, the Trans-Pacific Routes and the Narita Slots and, in the case of AMI and CMI, the CMI Material Routes and CMI Material Slots, except as otherwise provided in the Collateral Documents.

(b) Each Credit Party shall take all actions necessary in order to ensure that all AMI Additional Routes and Slots and CMI Additional Routes and Slots shall be held by AMI or CMI, as the case may be; *provided*, that such Routes and Slots may be held by Continental to the extent required by applicable law provided that such Routes and Slots are pledged by Continental to the Administrative Agent as CAL Collateral.

9. Use of Proceeds.

The Borrowers will use the proceeds of the Loans solely for the purposes set forth in Section 4.12.

10. Payment of Taxes, Etc.

Each Credit Party will pay and discharge before the same shall become delinquent, all Taxes imposed upon it or upon its property; *provided, however*, that no Credit Party shall be required to pay or discharge any such Tax (x) that is being contested in good faith by appropriate proceedings or (y) the nonpayment of which, individually or collectively, would not reasonably be expected to result in a Material Adverse Effect.

11. Appraisal Reports; Release of Collateral.

- a. Continental shall (i) not earlier than 60 days before nor later than five days before each anniversary of the Closing Date, except for the anniversary that is the Maturity Date, (ii) promptly after request of the Administrative Agent if an Event of Default has occurred and is continuing (but not more frequently under this clause (ii) than once every six months) or (iii) promptly after request of the Administrative Agent, if the accountants' report with respect to any of the financial statements of Continental most recently delivered pursuant to Section 5.01(a) contains a "going concern" or like qualification, deliver to the Administrative Agent an Appraisal Report with respect to the CAL Collateral and the CMI Business (which may be set

forth in one Appraisal Report with respect to both Borrowing Base Components or separate Appraisal Reports with respect to each Borrowing Base Component), together with a Borrowing Base Certificate; provided, that, in respect of clause (iii) hereof, (x) the request to receive such Appraisal Report shall be made by the Administrative Agent within 60 days following the delivery of the applicable financial statements, (y) to the extent an Appraisal Report delivered pursuant to clause (iii) hereof is received within 90 days of an anniversary of the Closing Date, the delivery of an Appraisal Report pursuant to clause (i) hereof no later than five days prior to such anniversary of the Closing Date shall not be required, and (z) if the Administrative Agent has requested an Appraisal Report pursuant to clause (iii), it may make a request to Continental not earlier than 120 days nor later than 165 days after the delivery of such Appraisal Report pursuant to clause (iii) for an additional Appraisal Report, in which case Continental shall deliver such additional Appraisal Report within 60 days after such request, and the costs of such additional Appraisal Report shall be borne 50% by Continental and 50% by the Administrative Agent.

- b. If the Borrowing Base determined in accordance with the Current Market Values set forth in the Appraisal Report(s) most recently delivered to the Administrative Agent pursuant to Section 5.11(a) is less than the outstanding principal amount of the Loans on the date that the most recent such Appraisal Report is delivered to the Administrative Agent (the "Measurement Date"), one or more of the Credit Parties shall, within one (1) Business Day after the Measurement Date, take one or more Remedial Actions such that, after giving effect to such Remedial Actions, the Borrowing Base is not less than the outstanding principal amount of the Loans after the Credit Parties have completed such Remedial Actions. Upon completion of such Remedial Actions, Continental shall deliver to the Administrative Agent a Borrowing Base Certificate. If a Specified Route Event occurs or in connection with taking Remedial Action, Continental may obtain an Appraisal Report with respect to any Specified Routes that are the subject of a Specified Route Event or any replacement Routes or other property that is proposed to be pledged as replacement Collateral.
- c. Except with respect to a Disposition permitted under subparagraphs (e) (other than the first sentence thereof) and (f) of Section 6 of the Continental SGR Pledge Agreement and subparagraphs (e) (other than the first sentence thereof) and (f) of Section 6 of the CMI SGR Pledge Agreement, if any Credit Party proposes to effect a Disposition of any Major Collateral, it shall deliver to the Administrative Agent an Appraisal Report with respect to such Major Collateral, together with a Borrowing Base Certificate. Except with respect to a Disposition permitted under subparagraphs (e) (other than the first sentence thereof) and (f) of Section 6 of the Continental SGR Pledge Agreement and subparagraphs (e) (other than the first sentence thereof) and (f) of Section 6 of the CMI SGR Pledge Agreement, a Credit Party may effect such a Disposition only if (i) it shall have obtained the consent of the Majority Lenders and (ii) either (A) the Loans shall be prepaid in an amount not less than 48% of the Current Market Value of such Major Collateral (or, if necessary, by a greater amount so that, after giving effect to such prepayment the LTV Ratio immediately following such Disposition would not be greater than the LTV Ratio immediately prior to such Disposition), (B) the Loans shall be Cash Collateralized in an amount equal to the amount that would be required to be prepaid pursuant to clause (c)(ii)(A), (C) the Administrative Agent is granted, on behalf of the Lenders, a security interest in Routes of Continental acceptable to the Majority Lenders in their sole discretion other than the Trans-Pacific Routes, and any related Slots, Gate Leaseholds and Supporting Route Facilities, on terms substantially the same as provided in the Continental SGR Pledge Agreement, or (D) the Administrative Agent is granted, on behalf of the Lenders, a security interest in other property of a Credit Party acceptable to the Majority Lenders in their sole discretion on such terms as the Majority Lenders shall have approved.
- d. If a Credit Party, after consent of the Majority Lenders in their sole discretion, takes a Remedial Action referred to in clauses (ii) or (iii) of the definition of such term, simultaneously with taking such Remedial Action, such Credit Party shall deliver to the Administrative Agent an Appraisal Report setting forth the Appraiser's opinion of the Current Market Value of the property to be added as Collateral pursuant to such Remedial Action, which Appraisal Report shall be used to determine the Borrowing Base after giving effect to such Remedial Action.

12. Unrestricted Cash Balance.

Upon the Administrative Agent's written request to Continental (which shall include requests via email), within one Business Day thereafter, Continental shall give the Administrative Agent a statement or other document (which may be via e-mail) setting forth the Consolidated Unrestricted Cash Balance as of the Close of Business on the Business Day preceding Continental's response; provided that such information shall be provided solely to the Administrative Agent's Global Asset Based Finance group (except to the extent legally required to be delivered to other persons within ML or its Affiliates), which shall keep such information strictly confidential and solely within such group or other Persons.

13. Gate Utilization.

Each Borrower shall make all payments and otherwise perform all material obligations in respect of each of its Gate Leaseholds to the extent necessary to keep such Gate Leaseholds in full force and effect, except as otherwise provided in the Collateral Documents.

14. Slot Utilization.

Except as otherwise provided in the Collateral Documents, Continental shall utilize the Narita Slots and CMI shall utilize the CMI Material Slots in a manner consistent in all material respects with applicable regulations and contracts in order to preserve the right to hold and operate the Narita Slots and the CMI Material Slots, taking into account any waivers or other relief granted by the applicable Foreign Aviation Authorities.

15. Route Utilization.

- a. Continental shall utilize the Trans-Pacific Routes and CMI shall utilize the CMI Material Routes in a manner consistent in all material respects with Title 49 of the U.S. Code, rules and regulations promulgated thereunder, and applicable foreign law, and the applicable rules and regulations of the FAA, DOT and any applicable Foreign Aviation Authority, including, without limitation, any operating authorizations, certificates, bilateral authorizations and bilateral agreements with any applicable Foreign Aviation Authority and contracts with respect to such Routes, in order to preserve the rights to hold and operate such Routes and utilize the Supporting Route Facilities for such Routes.
- b. Continental, in the case of the Trans-Pacific Routes, and AMI and CMI, in the case of the CMI Material Routes, shall cause to be done all things reasonably necessary to preserve and keep in full force and effect their material rights in and to use such Routes, except as otherwise provided in the Collateral Documents; provided, however, that the foregoing shall not prohibit any transactions permitted under Section 6.02 or Section 6.03. Without in any way limiting the foregoing, the Credit Parties shall promptly take (i) all such steps as may be reasonably necessary, including the payment of any applicable filing fees and other expenses related to the submission of applications, renewal requests, and other filings, to obtain renewal of each such Route authority from the DOT and any applicable Foreign Aviation Authorities, within a reasonable time prior to the expiration of such authority (as prescribed by law or regulation, if any), and notify the Administrative Agent of any non-renewal thereof and (ii) all such other steps as may be necessary to maintain, renew and obtain Supporting Route Facilities as needed for its continued and future operations over such Routes, in each case except as otherwise provided in the Collateral Documents. It is understood and agreed that a Credit Party may cease using its rights in and/or use of any Supporting Route Facilities in connection with any such Routes if such Credit Party determines in good faith that the preservation of its rights in and/or use of such Supporting Route Facilities is no longer advantageous to it in connection with the conduct of its operations utilizing such Route.

16. Routes and Slot Reporting.

Each Credit Party shall provide the Administrative Agent and at the same time each Lender written notice, with respect to Continental, in the case of the Trans-Pacific Routes, and AMI and CMI, in the case of the CMI Material Routes:

- a. within 45 days after the end of each calendar quarter, notice of any acquisition of any such Route or related Slot; and
- b. subject to any governmental requirement of confidentiality, (i) concurrently with the delivery of annual financial statements pursuant to Section 5.01(a), copies of (1) each certificate or order issued, during the latest year covered by such financial statements, by the DOT and the applicable Foreign Aviation Authorities with respect to such Routes and (2) all material filings made, during the latest year covered by such financial statements, by a Credit Party with any Governmental Authority or any Foreign Aviation Authorities related to preserving and maintaining such

Routes and (ii) promptly, and in any event, not more than ten Business Days after receipt, any notice received from any Person notifying such Credit Party of an event which would reasonably be expected to have a materially adverse effect upon such Route, or the failure to preserve such Route.

17. Tax Sharing Agreement.

The Credit Parties shall execute and deliver, no later than 180 days following the Closing Date, a Tax Sharing Agreement in form and substance reasonably satisfactory to Administrative Agent and shall provide the Administrative Agent with a copy of a fully-executed counterpart thereof.

18. Aircrafts and Related Materials.

Continental shall at all times (a) deliver to CMI (or otherwise ensure CMI has) any assets (including, but not limited to, any aircraft or related equipment and supplies) necessary for CMI to continue its operations as a commercial airline, (b) provide services and personnel to CMI necessary to maintain and operate such assets, and (c) otherwise cause CMI (i) to continue and maintain its operations (subject to a force majeure) in a manner consistent with the disclosures and projections made in the documents referred to in Section 4.04 (subject to a force majeure) and (ii) perform its obligations under this Agreement or any other material agreement to which it is a party necessary to continue its operations as a commercial airline, it being understood that Continental shall be entitled to payment from CMI for assets, services and personnel provided pursuant to this Section 5.18, subject to the requirements of Section 6.03.

19. Citizenship.

Each of Continental and CMI shall (a) continue at all times to be an "air carrier" within the meaning of Section 40102(a)(2) of Title 49 and hold a certificate under Section 41102(a)(1) of Title 49; (b) at all times hereunder be a Citizen of the United States; and (c) possess and maintain all Route Permits and Operating Permits applicable to it, except where the failure to have any such Operating Permit, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect or materially and adversely affect the ability of a Credit Party to operate flights under a Specified Route.

20. Embargoed Person.

Each Credit Party shall ensure that none of the funds or properties of any Borrower that are used to repay the Loans will constitute property of, or be beneficially owned directly or indirectly by, any person subject to sanctions or trade restrictions under United States law ("Embargoed Person" or "Embargoed Persons") that is identified on (1) the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. Section 1701 *et seq.*, The Trading with the Enemy Act, 50 U.S.C. App. 1 *et seq.*, and any Executive Order or regulation promulgated thereunder, with the result that the Loans made by the Lenders would be in violation of law, or (2) the Executive Order, any related enabling legislation or any other similar Executive Orders.

V.

NEGATIVE COVENANTS

From the advance of the Loans to the Borrowers until the Termination Date, the following covenants shall be effective:

1. Liens.

No Credit Party shall directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any part of or all of the Collateral or any property owned by CMI, title thereto or any interest therein except as set forth below (such exceptions referred to collectively as "Permitted Encumbrances"):

- a. Liens of the Security Documents and Liens expressly permitted by the Operative Documents;
- b. Liens for taxes, assessments or other governmental charges or levies either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of any Collateral or any interest therein;
- c. materialmen's, mechanic's, workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of Continental's, CMI's or AMI's business securing obligations, the payment of which either is not yet overdue by 60 days or is being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of any Collateral, or any interest therein or impair in any respect the validity of the Lien of the Security Documents;
- d. judgment or attachment Liens (other than Liens for taxes) against Continental, CMI or AMI with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith and there shall have been secured a stay of execution pending such appeal or proceeding for review;
- e. with respect to the AMI Collateral and the CMI Collateral only,
 - i. in respect of the equipment furnished by CMI and installed on any aircraft, Liens in favor of vendors thereof arising out of the purchase of such equipment and payment terms therefor and renewal, extension or replacements thereof;
 - ii. pledges or deposits securing obligations under workers' compensation, unemployment insurance, social security or public liability laws or similar legislation;
 - iii. (A) pledges or deposits securing bids, tenders, contracts (other than contracts for the payment of Indebtedness), letters of credit, performance bonds or leases to which CMI, AMI or any of their respective subsidiaries is a party as lessee, or other similar obligations, in each instance, made or incurred in the ordinary course of business, including, without limitation, pledges or deposits of cash and cash equivalents securing obligations under credit card agreements, and (B) pledges or deposits, or other Liens on order positions relating to the acquisition of aviation or aviation related equipment, securing any financing of order positions or pre delivery obligations relating to the acquisition of such equipment by AMI, CMI or any of their respective subsidiaries;
 - iv. deposits securing public or statutory obligations of CMI, AMI or any of their respective Subsidiaries or which are required to qualify any such Person to conduct business in any jurisdiction or obtain the benefits of any law;
 - v. deposits securing or in lieu of surety, appeal or customs bonds in proceedings to which CMI, AMI or any of their respective Subsidiaries is a party;
 - vi. zoning restrictions, easements, licenses or other restrictions on the use of real property or other minor irregularities in title (including leasehold title) thereto or encumbrances thereon, so long as the same do not result in a Material Adverse Effect or in a material adverse change in the business, operation, properties, assets or condition (financial or otherwise) of CMI and its Subsidiaries taken as a whole;
 - vii. Liens created or granted by AMI, CMI or any of their respective subsidiaries in connection with the acquisition (by purchase (including, without limitation, by Capital Lease Obligations), construction or otherwise) of assets, or the financing thereof (so long as such financing occurs not later than (A) eighteen months after such acquisition in the case of aircraft or aircraft engines and (B) 120 days after such acquisition in the case of any other assets), to the extent such Liens do not (1) encumber any assets of CMI, AMI or any of their respective Subsidiaries other than (aa) the acquired assets and/or any improvements thereon and/or (bb) the interest of AMI, CMI or any of their respective subsidiaries in contracts and/or books and records directly relating to such acquired assets and/or any improvements thereon or (2) secure any Indebtedness other than that incurred solely in connection with the acquisition of such acquired assets or such financing;

- viii. Liens created or granted by AMI or CMI or any of their respective Subsidiaries in connection with improvements or modifications to airframes or aircraft engines owned by AMI or CMI or any of their respective Subsidiaries and already subject to a Permitted First Lien or leased to AMI or CMI or any of their respective Subsidiaries, or the financing or refinancing thereof (so long as such financing or refinancing occurs not later than 120 days after the completion of such improvements or modifications), to the extent such Liens do not (A) encumber any assets of AMI or CMI or any of their respective Subsidiaries other than (1) the airframes or aircraft engines being improved or modified (including such improvements and modifications) and/or (2) the interest of AMI or CMI or any of their respective Subsidiaries in contracts, and/or books and records, directly relating to the airframes or aircraft engines being improved or modified (or such improvements or modifications) or (B) secure any Indebtedness other than that incurred solely in connection with such improvements or modifications or such financing or refinancing and other than Indebtedness secured by such Permitted First Liens;
- ix. Liens existing on assets at the time of acquisition thereof by AMI, CMI or any of their respective Subsidiaries and Liens resulting or arising as a result of the assumption by CMI, AMI or any of their respective Subsidiaries of Indebtedness in connection with the acquisition of any assets as long as any such Lien does not encumber any assets other than the acquired assets and any improvements thereon and the amount of assumed Indebtedness does not exceed the fair market value of the acquired assets;
- x. Liens arising under leases and subleases (including, without limitation, the Lien of the owner of, or mortgagee of the ownership interest in, the assets subject to any such lease or sublease on such property and any improvements and fixtures thereof);
- xi. landlord's Liens arising by operation of law;
- xii. Liens on any proceeds of any assets subject to a Permitted Encumbrance described in this clause (e);
- xiii. any Lien on any receivable created as a result of a charge card transaction, other than on CMI's or AMI's right to payment from the other party to the related credit card agreement; and
- xiv. any renewal, extension or replacement of any of the foregoing (in connection with any renewal, extension or refinancing of Indebtedness or otherwise); *provided* that the amount of Indebtedness secured by any such replacement Lien is permitted to be incurred hereunder and is not increased, and such renewal, extension or replacement Lien does not spread to cover any additional asset (except as contemplated by clauses (vii), (viii) and (ix) hereof); and
- xv. the installation of any addition to any property constituting collateral (however defined) under any of the Collateral Documents.

2. Fundamental Changes.

No Credit Party shall consolidate with or merge into any other Person, or sell, lease, exchange, transfer or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its property, assets or revenues, whether now owned or hereafter acquired, or liquidate or dissolve (a "Fundamental Transaction"), unless (1) such Credit Party is the surviving entity in such merger or (2) in any other case (A) the entity formed by such consolidation or merger or the Person that so acquires such assets by purchase, lease, exchange or transfer (the "Successor") is a corporation duly organized and validly existing under the laws of the United States of America or a political subdivision thereof, and shall have executed and delivered to the Administrative Agent and each Lender an agreement in form reasonably satisfactory to such Person containing an assumption by such successor of the obligations of such Credit Party under the Operative Documents to which it is a party, (B) immediately after giving effect to such Fundamental Transaction, no Event of Default, Payment Default or Bankruptcy Default shall have occurred and be continuing, and (C) such Credit Party shall deliver to the Administrative Agent and each of the Lenders (i) a compliance certificate from an officer of such Credit Party reflecting compliance with Section 6.05, stating that such Fundamental Transaction and the assumption agreement mentioned in clause (2)(A) above comply with this Section 6.02 and that all conditions precedent provided for herein relating to such Fundamental Transaction have been complied with or satisfied and (ii) an opinion of counsel (subject to customary assumptions and limitations) that the assumption agreement mentioned in clause (2)(A) is a valid, binding and enforceable agreement of the Successor.

3. Transactions with Affiliates.

(a) No Credit Party shall, nor shall any Credit Party permit any of its Subsidiaries to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates (any of the foregoing, an "Affiliate Transaction"), except (i) upon terms and conditions not less favorable to such Credit Party or Subsidiary than could be obtained in a comparable arm's length transaction from unrelated third parties entered into in good faith at the time that such Affiliate Transaction is entered into; provided, that nothing contained herein shall prohibit an Affiliate Transaction between Continental (or any of its Subsidiaries other than AMI, CMI or any of their respective Subsidiaries), on the one hand, and CMI or AMI or any of their respective Subsidiaries, on the other hand, that is more favorable to CMI or AMI or any of their respective Subsidiaries, as the case may be, than could be obtained in an arm's length transaction with unrelated third parties, (ii) transactions pursuant to the Tax Sharing Agreement (upon its execution and delivery by the parties thereto), (iii) transactions provided for in agreements in existence on the date of this Agreement between a Credit Party and any of its Affiliates and, in the case of agreements to which CMI or AMI is a party, listed on Schedule 5, (iv) reasonable and customary compensation and fees (including securities of Continental) to directors of Continental or any of its Subsidiaries who are not employees of Continental or any Subsidiary or the payment of amounts or the making of awards or grants of cash, securities or otherwise pursuant to employee benefit plans or employment agreements in the ordinary course of business, (v) indemnities of officers, directors and employees of a Credit Party or any of its Subsidiaries permitted by applicable law and (vi) dividends on capital stock of Continental.

(b) Notwithstanding the foregoing:

(i) in no event shall Continental enter into a transaction with a third party on terms favorable to Continental (the "first transaction") in consideration for entering into another agreement with such third party or an Affiliate of such third party on terms that are less favorable than those obtainable in an arms-length transaction (the "second transaction") where a material portion or all of the benefits and burdens of the second transaction are made available to AMI or CMI and such benefits and burdens are on terms that are less favorable than those obtainable in an arms-length transaction,

(ii) AMI or CMI shall be permitted to pay to Continental for any taxable year in respect of income taxes an amount equal to the hypothetical federal (and, to the extent applicable, state and local) income tax liability (taking into account the deductibility of state and local income taxes for federal income tax purposes) of AMI or CMI, as applicable, for such taxable year determined as if AMI or CMI, as applicable, and its subsidiaries that are included in the Continental Consolidated Group had filed their own separate consolidated federal (and, to the extent applicable, state and local) income tax return or returns for such taxable year (or, if less, such taxable year and prior taxable years (i.e., taking into account any hypothetical net operating losses or similar allowances)),

(iii) Subject to Section 6.03(b)(i), Continental and its Subsidiaries (other than AMI and CMI and their respective Subsidiaries) shall be permitted to charge AMI, CMI and their respective Subsidiaries (and AMI or CMI and their respective Subsidiaries, as the case may be, shall be permitted to pay) (A) their allocable share of expenses charged by unaffiliated third parties regardless of whether the amount paid to such third party differs from what may be obtained in a comparable arm's length transaction and (B) their allocable share of the internal costs of Continental and its Subsidiaries calculated in a fair manner consistent with past practice, which shall include utilization of the applicable general parameters set forth in Schedule 8 (or such other similar parameters adopted by Continental from time to time) materially consistent with past practice.

(iv) subject to subparagraph (i) above, in the case of Intercompany Leasing Transactions, the lease payments or other consideration paid by CMI or AMI (whether in cash or otherwise) in respect of such Intercompany Leasing Transactions shall not exceed the actual lease payments paid by Continental in connection with such lease of the aircraft and related equipment and supplies from a third party.

4. Accounting Changes.

No Credit Party shall make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by GAAP, it being understood that in the event any such changes in accounting policies or reporting practices shall affect the calculation of Consolidated Unrestricted Cash Balance, Continental shall make a one-time statement of reconciliation to the calculation of Consolidated Unrestricted Cash Balances under accounting policies or reporting practices in effect at the Closing Date. CMI will not change its cash management practices, as set forth on Schedule 6, in any manner which is materially adverse to the Lenders without the prior consent of the Administrative Agent; provided, that CMI may change the depository institution at which it has its accounts. Upon receipt of CMI's notice that the CMI Account is to be moved to a different depository institution, given at least ten (10) days prior to the date of such proposed move, the Administrative Agent and CMI shall (and CMI shall cause the relevant depository institution to) enter into a CMI Account Control Agreement with respect to such new account, whereupon the Administrative Agent shall terminate the then existing CMI Account Control Agreement; provided that the CMI Account may not be so moved until the replacement CMI Account Control Agreement has been executed and delivered by the parties thereto. No Credit Party will change its fiscal year without the prior consent of the Administrative Agent.

5. Minimum Unrestricted Cash Balance.

Continental shall maintain a Consolidated Unrestricted Cash Balance as of the Close of Business on the last Business Day of each calendar month of at least \$1,000,000,000.

6. Sales, Etc.

of Collateral. No Credit Party shall effect a Disposition of Collateral, except:

- a. (i) for fair market value, (ii) the Disposition of assets that are worn out, damaged or destroyed beyond reasonable repair or no longer of economic value in the conduct of its business, or (iii) as permitted under the Collateral Documents; provided that such Credit Party shall comply with the applicable terms of clause (b)(iii) of Section 2.09; and provided, further, that in no event shall a Credit Party effect a Disposition of Major Collateral without the consent of the Majority Lenders and without complying with Section 5.11(c);
- b. in a transaction authorized by Section 6.02; or
- c. as otherwise consented to by the Majority Lenders.

7. Payment Restrictions Affecting Subsidiaries.

No Credit Party shall, directly or indirectly, enter into or suffer to exist, or permit any of its Material Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Material Subsidiaries (other than any Financing Vehicles) to declare or pay dividends or other distributions in respect of its equity interests or repay or prepay any Indebtedness owed to, make loans or advances to, or otherwise transfer assets to or invest in, a Credit Party or any Material Subsidiary of a Credit Party (whether through a covenant restricting dividends, loans, asset transfers or investments, a financial covenant or otherwise), except (i) the Operative Documents, (ii) any agreement in effect at the time such Material Subsidiary becomes a Subsidiary of a Credit Party, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of a Credit Party, (iii) applicable law (including regulatory requirements), (iv) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of a Credit Party or a Material Subsidiary of a Credit Party, (v) customary provisions restricting assignment of any licensing agreement entered into by a Credit Party or a Material Subsidiary of a Credit Party in the ordinary course of business, (vi) customary provisions restricting the transfer of assets (A) subject to Liens or (B) pending disposition, (vii) provisions in charters, bylaws, stockholders agreements, partnership agreements, joint venture agreements, limited liability company agreements and other similar agreements and (viii) provisions in financing agreements customary for transactions of a similar nature with counterparties that are similarly situated with the applicable Material Subsidiary and constitute a similar credit.

8. Indebtedness.

Neither AMI nor CMI shall create, issue, incur, assume, or become liable in respect of any Indebtedness at any time, except:

- a. Indebtedness pursuant to any Operative Document;
- b. unsecured intercompany Indebtedness between or among (i) Continental and/or any of its Subsidiaries (other than AMI and CMI) and (ii) any Credit Party, provided, that in case such Person has previously executed and delivered the Intercompany Subordination Agreement to the Administrative Agent.
- c. Indebtedness outstanding on the date hereof and listed on Schedule 7 and any refinancings, refundings, renewals or extensions thereof but only to the extent that such refinancing, refunding, renewal or extension does not increase the principal amount of such Indebtedness outstanding immediately prior to such refinancing, refinancings, renewal or extension;
- d. Indebtedness incurred to finance all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in connection with its business and any refinancing, refunding, renewal or extension thereof but only to the extent that such refinancing, refunding, renewal or extension does not increase the principal amount of such Indebtedness outstanding immediately prior to such refinancing, refunding, renewal or extension, provided, that (x) such Indebtedness is incurred pursuant to documentation containing provisions which are customary for financing arrangements of this nature, and (y) the financing arrangements (and any related transactions consummated in connection therewith) have been obtained in an arm's-length transaction;
- e. Indebtedness incurred in connection with (i) the acquisition of aircraft (including Indebtedness secured by aircraft purchase agreements) or aircraft engines so long as such Indebtedness is incurred not later than 18 months after the acquisition thereof and (ii) the acquisition of other assets so long as such Indebtedness is incurred not later than 120 days after the acquisition thereof and any refinancing, refunding, renewal or extension thereof but only to the extent that such refinancing, refunding, renewal or extension does not increase the principal amount of such Indebtedness outstanding immediately prior to such refinancing, refunding, renewal or extension; provided, that (x) such Indebtedness is incurred pursuant to documentation containing provisions which are customary for financing arrangements of this nature, and (y) the financing arrangements (and any related transactions (including any related acquisition of aircraft and aircraft engines) consummated in connection therewith) have been obtained in an arm's-length transaction;
- f. Indebtedness in respect of margin requirements under fuel hedging and foreign exchange hedging contracts, provided that the Liens securing such Indebtedness shall be limited to such fuel hedging and foreign exchange hedging contracts;
- g. Indebtedness in respect of bid, performance or surety bonds issued in the ordinary course of business; and
- h. the Guarantee of any Indebtedness permitted to be incurred under this Section 6.08.

9. Lines of Business.

- a. No Borrower will make any material change in its line of business as a commercial passenger airline.

10. Anti-Terrorism Law; Anti-Money Laundering.

No Credit Party shall:

(a) directly or indirectly, (i) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Prescribed Law, or (ii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the

purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Prescribed Law (and each Credit Parties shall deliver to the Administrative Agent evidence requested from time to time by the Administrative Agent or the Lenders in their reasonable discretion confirming such Credit Party's compliance with this Section); and

(b) knowingly cause or permit any of the funds of the Credit Parties that are used to repay the Loans to be derived from any unlawful activity with the result that the making of the Loans would be in violation of Prescribed Law.

11. Investments.

Neither AMI nor CMI shall make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or make any other investment in, any Person (all of the foregoing, "Investments"), except:

- (a) non-cash consideration received in connection with sales and dispositions of assets;
- (b) Investments in cash, cash equivalents and short term investments;
- (c) Investments constituting Indebtedness pursuant to clause (b) of Section 6.08;
- (d) the extension of credit to customers in the ordinary course of business; and
- (e) other Investments in an aggregate principal amount not exceeding \$250,000,000; provided, that after giving effect to any such Investment, no Event of Default shall have occurred and be continuing.

12. Governing Documents.

(a) Neither AMI nor CMI shall amend, restate, amend and restate or modify any of its Organic Documents in a manner that is materially adverse to the interests of the Administrative Agent or any other Lender, or (b) upon its execution and delivery by the Credit Parties, neither AMI nor CMI shall amend, restate, amend and restate or modify the Tax Sharing Agreement in a manner which is materially adverse to the interests of the Administrative Agent or any other Lender.

13. Restricted Payments, etc.

Neither CMI nor AMI shall declare or make a Restricted Payment, or make any deposit for any Restricted Payment, other than (a) Restricted Payments made by (i) CMI to AMI or (ii) AMI to Continental; provided, that such Restricted Payments shall only be permitted in the event AMI or CMI, as the case may be, is prohibited under applicable law from either (x) incurring the Restricted Payment Amount as Indebtedness pursuant to clause (b) of Section 6.08, or (y) making the Restricted Payment Amount as an Investment pursuant to clause (c) of Section 6.11 and (b) subject to the second paragraph of Section 6.03, Restricted Payments made to any Credit Party to the extent necessary to enable such Credit Party to pay Taxes; provided, that in the case of clauses (a) and (b), hereof, no Payment Default or other Event of Default shall be continuing.

14. Sale and Leaseback.

Neither CMI nor AMI shall, directly or indirectly enter into any agreement or arrangement with any other Person providing for the sale or transfer by it of any property (now owned or hereafter acquired) to another Person and the subsequent lease or rental of such property or other similar property from such Person by AMI or CMI, provided, that the foregoing shall not prohibit any financing transactions which are in the form of a sale and leaseback transaction.

15. Stock of Subsidiaries.

Neither CMI nor AMI shall (a) issue any Capital Stock (whether for value or otherwise) to any Person other than another Credit Party or (b) become liable in respect of any obligation (contingent or otherwise) to purchase, redeem, retire, acquire or make any other payment in respect of any shares of Capital Stock of such Credit Party or any option, warrant or other right to acquire any such shares of Capital Stock.

VI.

EVENTS OF DEFAULT

1. Events of Default.

Each of the following events shall constitute an "Event of Default", whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

- a. Continental shall fail to pay any principal amount of any Tranche A-1 Term Loan or CMI shall fail to pay any principal amount of any Tranche A-2 Term Loan, in each case for a period of one Business Day from the date such principal amount shall become due and payable; or
- b. Continental shall fail to pay interest on any Tranche A-1 Term Loan or CMI shall fail to pay interest on any Tranche A-2 Term Loan, in each case for a period of five Business Days after the same shall become due and payable; or
- c. Any Credit Party shall fail to pay any other amount payable by it hereunder or under any other Operative Document for a period of five Business Days after receipt by each Credit Party of written notice that such payment is overdue given to the Credit Parties by the Administrative Agent or any Lender (through the Administrative Agent); or
- d. Any representation, warranty or certification made by a Credit Party herein or in any other Operative Document, or in any other document or certificate furnished by a Credit Party (or any of their officers) pursuant to this Agreement or any other Operative Document, shall prove to have been incorrect in any material respect when made and such materiality is continuing; or
- e. Any Credit Party shall fail to perform or observe (i) any term, covenant or agreement set forth in 5.03(a), 5.05(b), 5.09, 5.11(b), 5.14, 5.16(b) or Article VI (other than Sections 6.03, 6.04 (as it relates to reporting practices) and 6.10); (ii) any term, covenant or agreement set forth in Sections 5.01, 5.02, 5.03(b) and 6.03, and such failure to perform or observe shall continue for a period of ten days; and (iii) any other term, covenant or agreement contained in this Agreement or any other Operative Document, on its part to be performed or observed, and such failure shall remain unremedied for a period of thirty days, in each case after notice thereof to the Credit Parties delivered pursuant to Section 9.02; or
- f. If an order for relief shall be entered in respect of any Credit Party by a court having jurisdiction in the premises in an involuntary case under the Federal bankruptcy laws as now or hereafter in effect; or if any Credit Party shall consent to the appointment of a custodian, receiver, trustee or liquidator of itself or of substantially all of its property; or if any Credit Party is not paying, or shall admit in writing its inability to pay, its debts generally as they come due or shall make a general assignment for the benefit of creditors; or if any Credit Party shall file, or the Board of Directors of any Credit Party shall direct the filing of, a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against such Credit Party in any such proceeding; or if any Credit Party shall file, or the Board of Directors of any Credit Party shall direct such Credit Party to seek relief by voluntary petition, answer or consent, under the provisions of any other or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations or providing for a financial accommodation, composition, extension or adjustment with its creditors generally; or

- g. If an order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of a Credit Party, a custodian, receiver, trustee, or liquidator of such Credit Party or of substantially all of its property, or sequestering substantially all of the property of such Credit Party, or granting any other similar relief in respect of such Credit Party under the Federal bankruptcy laws or other insolvency laws, and any such order, judgment or decree or appointment or sequestration shall remain in force unstayed, undismissed or unvacated for a period of thirty (30) days after the date of its entry; or
- h. If a petition against a Credit Party in a proceeding under the Federal bankruptcy laws or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within thirty (30) days, or if, under the provisions of any law providing for reorganization or winding-up of corporations that may apply to a Credit Party, any court of competent jurisdiction shall assume custody or control of such Credit Party or of substantially all of its property and such custody or control shall remain in force unrelinquished or unterminated for a period of thirty (30) days; or
- i. Any Lien created by any of the Collateral Documents shall cease to be (A) enforceable and (B) in respect of such Liens with respect to Collateral located in the United States (other than deposit accounts not covered by the CMI Account Control Agreement, money and letter of credit rights), as to which perfection may be obtained by filing, control or possession under the UCC, of the same priority purported to be created by such Collateral Documents, subject to any exceptions to such priority permitted pursuant to this Agreement and the Collateral Documents;
- j. (i) any Credit Party shall default in making any payment of any Indebtedness (excluding the Loans) beyond the period of grace and after required notice, if any, provided in the instrument or agreement under which such Indebtedness was created or default in the observance or performance of any other agreement or condition relating to any Indebtedness (excluding the Loans), or any other event shall occur or condition shall exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, any such Indebtedness to become due prior to its stated maturity, so long as the aggregate or individual amount of such Indebtedness and of the claims then due pursuant to clause (ii) of this Section exceeds \$75,000,000; or (ii) any Credit Party shall default in the observance or performance of any agreement or condition relating to any lease of aircraft to such Credit Party, as lessee, if the effect of such default is to give the lessor pursuant to such lease a claim against any Credit Party (after deducting from such claim the value of the property subject to such lease), so long as the aggregate or individual amount of such claims then due and of all Indebtedness described in clause (i) of this Section exceeds \$75,000,000; or
- k. Any judgment or judgments for the payment of money shall be entered against any Credit Party in an amount for all such Persons equal to or exceeding \$25,000,000, individually or in the aggregate, which have not been bonded, discharged, stayed or satisfied for a period of sixty (60) days or more; or
- l. Any Operative Document after execution and delivery thereof by a Credit Party pursuant to Section 3.01 shall for any reason (other than termination in accordance with the terms thereof) cease to be valid and binding on or enforceable in any material respect against any Credit Party to it, or any such Credit Party shall so assert in writing; or
- m. (i) The loss by a Credit Party of (A) any **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**, or (B) any other Specified Route and such loss shall continue for a period of sixty (60) days, (ii) the loss by a Credit Party of any licenses, permits, authorizations, certificates of compliances, certificates of public convenience and necessity and other certificates, including, without limitation, air carrier operating certificates and operations specifications issued by the FAA pursuant to Part 121 of the Regulations of the FAA, which are required by the DOT, the FAA, or any corresponding Foreign Aviation Authority for such Credit Party to operate (A) any **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** or (B) any other Specified Route and such loss shall continue for a period of sixty (60) days, or (iii) (A) any Governmental Authority shall order or direct a Credit Party to suspend any significant portion of its service on (1) any **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** or (2) any other Specified Route and such suspension shall continue for a period of sixty (60) days, or (B) a Credit Party shall voluntarily suspend its service on any of its Specified Routes (other than due to weather related occurrences or a force majeure) and such suspension shall continue for a period of sixty (60) days; unless, in the case of any default described in clause (i)(B), clause (ii)(B), clause (iii)(A)(2) or clause (iii)(B), prior to the expiration of the relevant 60-day period (x) Continental and CMI shall have prepaid the Loans pursuant to clause (a) of Section 2.09 (without premium or penalty) in an amount equal to 48% of the Current Market Value of the affected Specified Routes as determined in an Appraisal Report obtained pursuant to Section 5.11(b), and delivered to the Lenders, (y) Continental and CMI shall have Cash Collateralized the Loans in an amount not less than 48% of the Current Market Value of the affected Specified Route, or (z) Continental or CMI, or both, shall have pledged additional Collateral acceptable to the Majority Lenders in their sole discretion on such terms as the Majority Lenders shall have approved having a Current Market Value determined by an Appraisal Report obtained pursuant to Section 5.11(b) of not less than the Current Market Value of such affected Specified Routes;

then, if an Event of Default referred to in clauses (f), (g) or (h) of this Section 7.01 shall have occurred and be continuing with respect to AMI or CMI, then and in every such case, the Commitments shall immediately and without further act terminate and the unpaid principal of all Loans then outstanding, together with interest accrued but unpaid thereon, all Break Funding Costs, if any, and all other amounts owing by any Credit Party to the Administrative Agent or any Lender hereunder or under any other Operative Document, shall immediately and without further act become due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrowers, if an Event of Default referred to in clauses (f), (g) or (h) of this Section 7.01 shall have occurred and be continuing with respect to Continental, then and in every such case, the Commitments with respect to the Tranche A-1 Terms Loans shall immediately and without further act terminate and the unpaid principal of all Tranche A-1 Term Loans then outstanding, together with interest accrued but unpaid thereon, all Break Funding Costs, if any, and all other amounts owing by Continental to the Administrative Agent or any Lender hereunder or under any other Operative Document, shall immediately and without further act become due and payable, without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by the Borrowers, and if any other Event of Default shall have occurred and be continuing, then the Administrative Agent (i) may, and upon request of the Majority Lenders, shall, declare the Commitments to be terminated, whereupon the same shall forthwith terminate, and (ii) may, and upon request of the Majority Lenders, shall, by notice to the Credit Parties, declare the unpaid principal of all Loans then outstanding, together with interest accrued but unpaid thereon, all Break Funding Costs, if any, and all other amounts owing by any Credit Party to the Administrative Agent or any Lender hereunder or under any other Operative Document, to be forthwith due and payable, whereupon the Loans, all such interest, Break Funding Costs and all other amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Credit Parties. In addition to any other remedies available to the Administrative Agent and the Lenders under the Operative Documents or at law or otherwise, if an Event of Default shall have occurred and so long as the same shall be continuing unremedied, then and in every such case, the Administrative Agent and the Lenders may exercise any or all of the rights and powers and pursue any and all of the remedies set forth in the Collateral Documents, in each case in accordance with terms thereof. The full performance by any Credit Party of any obligation of any other Credit Party shall be deemed to cure the Default or Event of Default attributable to such other Credit Party's failure to perform such obligation.

VII.

THE ADMINISTRATIVE AGENT

1. Appointment, Powers and Immunities.

- a. Each of the Lenders hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof and of the other Operative Documents, together with such actions and powers as are reasonably incidental thereto.
- b. The Administrative Agent shall not have any duties or obligations except those expressly set forth herein and in the other Operative Documents. Without limiting the generality of the foregoing (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby or by any other Operative Document that the

Administrative Agent is required to exercise in writing by the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.01), and (c) except as expressly set forth herein or in the other Operative Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Credit Parties or any of their Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Majority Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.01) or in the absence of its own gross negligence or willful misconduct.

- c. The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub agents appointed by the Administrative Agent. The Administrative Agent and any such sub agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of this Article VIII shall apply to any such sub agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

2. Reliance by Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Credit Parties), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

3. Defaults.

The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by any Credit Party, any Subsidiary of any Credit Party or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or under any other Operative Document or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or in any other Operative Document, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere herein or in any other Operative Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

4. Rights as a Lender.

The Person serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Credit Parties or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

5. Indemnification.

Each Lender severally agrees to indemnify the Administrative Agent (to the extent not reimbursed under Section 9.05, but without limiting the obligations of the Credit Parties under said Section 9.05), to the extent of such Lender's ratable portion of such indemnity payment (such ratable portion to be a portion thereof equal to such Lender's percentage of the total Loans represented by such Lender's Loans unless such Lender's Loans have terminated or expired, in which case such percentage shall be determined based upon such Lender's Loans most recently in effect, giving effect to any assignments (such percentage shall be determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount), for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Administrative Agent arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other Operative Document or any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses that the Credit Parties are obligated to pay under Section 9.05, but excluding, unless a Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified, provided, further, that to the extent indemnification payments made by the Lenders pursuant to this Section 8.05 are subsequently recovered from or for the account of the Credit Parties, the Administrative Agent shall promptly refund such previously paid indemnification payments to the Lenders.

6. Non Reliance on Administrative Agent and Other Lenders.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Credit Party or any Affiliate of a Credit Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

7. Failure to Act.

Except for action expressly required of the Administrative Agent hereunder and under the other Operative Documents, the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder and thereunder unless it shall receive further assurances to its satisfaction from the Lenders of their indemnification obligations under Section 8.05 against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Operative Documents in accordance with a request of the requisite Lenders, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

8. Resignation or Removal of Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Credit Parties. Upon any such resignation, the Majority Lenders shall have the right, with the consent of Credit Parties (which consent shall not be unreasonably withheld or delayed), to appoint a successor, which successor shall be a Lender; provided, however, that if such successor was not a Lender on the date first written above, the Credit Parties must give their prior written consent to such appointment (which consent shall not be unreasonably withheld). If no successor shall have been so appointed by the Majority Lenders and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be a bank with a minimum net worth of \$500,000,000 and an office in New York, New York, through which office it shall serve as Administrative Agent or an Affiliate of any such bank with an office in New York, New York, through which office it shall serve as Administrative Agent. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent and the retiring Administrative

Agent shall be discharged from its duties and obligations hereunder. The fees payable by Continental to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Continental and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

9. Maintaining the Cash Collateral.

- a. If any Cash Collateral is deposited with the Administrative Agent under any Collateral Document, the Administrative Agent shall maintain such Cash Collateral only with an Eligible Institution in an Eligible Account. Upon request of Continental, the Administrative Agent shall advise Continental of the face amount of all Cash Collateral held by the Administrative Agent, and Continental may conclusively rely on such advice in determining the Borrowing Base.
- b. From time to time the Administrative Agent will (i) invest, or direct the applicable Eligible Institution to invest, amounts received with respect to the applicable Cash Collateral in such Permitted Investments as Continental (or, if any Event of Default has occurred and is continuing, the Majority Lenders) may select and (ii) invest or direct the applicable Eligible Institution to invest, interest paid on the Permitted Investments referred to in clause (i) above, and reinvest other proceeds of any such Permitted Investments that may mature or be sold, in each case in such Permitted Investments credited in the same manner. The Administrative Agent shall promptly remit to the Credit Party that deposits any Cash Collateral upon its request any income or gain (including interest received) realized as the result of any such investment of such Cash Collateral (net of any fees, commissions and other expenses, if any, incurred in connection with such investment) unless an Event of Default shall have occurred and be continuing. If an Event of Default shall have occurred and be continuing, the Administrative Agent shall hold any such income or gain as security for the obligations of the applicable Credit Party under the applicable Collateral Document and apply it against obligations secured thereby as the Administrative Agent shall determine, and at such time as there shall not be continuing any Event of Default, such amount, to the extent not previously so applied against such Credit Party's obligations, shall be paid to such Credit Party. Each Credit Party will promptly pay to the Administrative Agent, on demand, the amount of any loss as the result of any such investment of Cash Collateral deposited by it (together with any fees, commissions and other expenses, if any, incurred in connection with such investment).
- c. If at any time the Administrative Agent holds or controls Cash Collateral under any Collateral Documents and a Borrower has given notice of prepayment of the Loans pursuant to Section 2.09, upon written request by such Borrower to the Administrative Agent prior to the applicable prepayment date, the Administrative Agent shall apply or cause to be applied such Cash Collateral to the prepayment of the Loans up to the amount due with respect to such prepayment (or such lesser amount as such Borrower may specify in such notice).
- d. If the Borrowing Base, as most recently determined pursuant to this Agreement, exceeds the outstanding principal amount of the Loans and the Administrative Agent then holds or controls Cash Collateral under any Collateral Document, upon request by the Credit Party that deposited such Cash Collateral to the Administrative Agent, the Administrative Agent shall pay or cause to be paid to such Credit Party the amount of such Cash Collateral requested by such Credit Party so long as, after giving effect to such payment, the Borrowing Base will not be less than the outstanding principal amount of the Loans.

VIII.

MISCELLANEOUS

1. Amendments, Waivers, Etc.

Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Credit Parties and the Majority Lenders or by the Credit Parties and the Administrative Agent with the consent of the Majority Lenders; provided that no such agreement shall (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees or other amounts payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or any interest thereon, or any fees or other amounts payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender affected thereby, (iv) change Sections 2.07 or 2.08 in a manner that would alter the pro rata sharing of payments required thereby, or the priority of payments set forth in such Sections, without the written consent of each Lender, (v) waive any condition precedent to the Loans without the consent of each Lender, subject to Section 3.02, or (vi) change any of the provisions of this Section or the definition of "Majority Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent hereunder without the prior written consent of the Administrative Agent. Except as otherwise provided above in this Section 9.01 with respect to this Agreement, the Administrative Agent may, with the prior written consent of the Majority Lenders (but not otherwise), consent to any modification, supplement or waiver under any of the Operative Documents, provided that, without the prior consent of each Lender, the Administrative Agent shall not (except as provided herein or in the Security Documents) release any collateral security or otherwise terminate any Lien under any Security Documents providing for collateral security, agree to additional obligations being secured by such collateral security or alter the relative priorities of the obligations entitled to the benefits of the Liens created under the Security Documents. Notwithstanding the foregoing, an Incremental Term Loan Amendment shall not require the approval of any Lender other than each Incremental Term Loan Assuming Lender.

2. Notices, Etc.

Except in the case of notices and other communications expressly permitted to be given by telephone or email, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by teletype, as follows:

- a. if to Continental, to it at Continental Airlines, Inc., 1600 Smith Street, Houston, Texas 77002, Attention of Treasurer (Telecopier No.: 713 324 2447, Telephone No.: 713-324-2544), email address (only when specifically permitted by this Agreement) *corporate.finance@coair.com*;
- b. if to CMI or AMI, to it at 1600 Smith Street, Houston, Texas 77002, Attention of Treasurer (Telecopier No.: 713 324 2447, Telephone No.: 713-324-2544), email address (only when specifically permitted by this Agreement) *corporate.finance@coair.com*, with a copy to Continental at the address in the preceding clause (a).
- c. if to the Administrative Agent, to it at Merrill Lynch Mortgage Capital Inc., 4 World Financial Center, 10th Floor, New York, New York 10080; Attention: Josh Green, Telecopier No (212) 449-6673; Telephone No. (212) 449-7330 and via email at *gabfoperations@exchange.ml.com*.
- d. if to any other Lender, to it at its address (or teletype number or, when specifically permitted by this Agreement, email address) set forth in the Register.

Any party hereto may change its address or teletype number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. For purposes of providing notice and deliveries hereunder, the Credit Parties may rely conclusively on the name and address of each Lender as set forth in the most recent list of Lenders' names and addresses provided to the Credit Parties hereunder by the Administrative Agent pursuant to Section 9.03(c).

3. Assignments and Participations; Register.

- a. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Credit Parties may not assign or otherwise transfer any of their rights or obligations hereunder or under any of the other Operative Documents without the prior written consent of each Lender (and any attempted assignment or transfer by a Credit Party without such consent shall be null and void) except as permitted by [Section 6.02](#). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.
- b. Any Lender may and, if requested by a Credit Party pursuant to [Section 2.17\(b\)](#), upon at least five Business Days notice to such Lender and the Administrative Agent, shall assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); *provided* that (i) except for assignments to an Affiliate of a Lender, the Administrative Agent and each Borrower must each give its prior written consents to such assignment (which consents shall not be unreasonably delayed or withheld), (ii) the amount of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$1,000,000 and increments of \$1,000,000 in excess thereof, unless each of the Credit Parties and the Administrative Agent otherwise consent, (iii) each assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement (it being understood that Tranche A-1 Term Loans and Tranche A-2 Loans held by a Lender may not be transferred separately or in disproportionate amounts), (iv) the parties to each assignment shall execute and deliver to the Administrative Agent a duly executed Assignment and Acceptance, together with a processing and recordation fee of \$3,500, and (v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire; *provided further* that any consent of the Credit Parties otherwise required under this paragraph shall not be required if an Event of Default under clauses (f), (g) or (h) of Article VII has occurred and is continuing. Subject to acceptance and recording thereof pursuant to [clause \(d\)](#) of this Section, from and after the effective date specified in each Assignment and Acceptance the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of [Sections 2.12, 2.15, 2.16 and 9.05](#)). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with [clause \(e\)](#) of this Section.
- c. The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "[Register](#)"). Failure to make any such recordation, or any error in such recordation shall not affect a Credit Party's obligations in respect of such rights. If the Lender sells a participation in its rights hereunder, it shall provide each Credit Party, or maintain as agent of the Credit Parties, the information described in this paragraph and permit each Credit Party to review such information as reasonably needed for such Credit Party to comply with its obligations under this Agreement or under any applicable law. Any assignment or transfer by the Lender of rights or obligations under this Agreement that does not comply with this [Section 9.03](#) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with this [Section 9.03\(c\)](#). The entries in the Register shall be conclusive, and the Credit Parties, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Credit Parties and any Lender, at any reasonable time and from time to time upon reasonable prior notice. The Administrative Agent shall notify the Credit Parties reasonably promptly after receiving actual notice of the same if (i) any Person becomes a Lender and (ii) any Lender alters or modifies its name, or address, in each case by delivering to the Credit Parties a written update of the names and addresses of all Lenders.
- d. Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in [clause \(b\)](#) of this Section and any written consent to such assignment required by [clause \(b\)](#) of this Section, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.
- e. Any Lender may, without the consent of any Credit Party or the Administrative Agent, sell participations to one or more banks or other entities (a "[Participant](#)") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided* that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Credit Parties, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; *provided* that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to [Section 9.01](#) that affects such Participant. Subject to [clause \(f\)](#) of this Section, the Credit Parties agree that each Participant shall be entitled to the benefits of [Sections 2.12, 2.15 and 2.16](#) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.
- f. A Participant shall not be entitled to receive any greater payment under [Sections 2.12, 2.15 and 2.16](#) than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant and shall be subject to the terms of [Section 2.17\(a\)](#). The Lender selling the participation to such Participant shall be subject to the terms of [Section 2.17\(b\)](#), if such Participant requests compensation or additional amounts pursuant to [Section 2.12](#) or [2.16](#).
- g. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; *provided* that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.
- h. If the Borrowers wish to replace Loans under any Facility with ones having different terms, they shall have the option, with the consent of the Administrative Agent and subject to at least three Business Days' advance notice to the Lenders, instead of prepaying the Loans or reducing or terminating the Commitments to be replaced, to (i) require the other Lenders to assign such Loans or Commitments to the Administrative Agent or its designees and (ii) amend the terms thereof in accordance with [Section 9.01](#). Pursuant to any such assignment, all Loans and Commitments to be replaced shall be purchased at par (allocated among the other Lenders in the same manner as would be required if such Loans were being optionally prepaid or such Commitments were being optionally reduced or terminated by the Borrowers), accompanied by payment of any accrued interest, premiums (including any premiums payable pursuant to [Section 2.09](#), it being understood that any assignment pursuant to this [Section 9.03\(h\)](#) shall be deemed an optional prepayment under [Section 2.09](#) for purposes of the payment of such premiums) and fees thereon and any amounts owing pursuant to [Section 9.05](#). By receiving such purchase price, the Lenders shall automatically be deemed to have assigned their Commitments pursuant to the terms of the Assignment and Acceptance, and accordingly no other action by such Lenders shall be required in connection therewith. The provisions of this paragraph are intended to facilitate the maintenance of the perfection and priority of existing security interests in the Collateral during any such replacement.

4. No Waiver; Remedies.

No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or any other Operative Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative

Agent and the Lenders hereunder and in the other Operative Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any Credit Party therefrom shall in any event be effective unless the same shall be permitted by Section 9.01 hereof, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default at the time.

5. Expenses; Indemnity; Damage Waiver.

- a. Continental shall pay, upon receipt of statements of account containing reasonable detail, (i) the Administrative Agent and the Arranger within 10 days of written request therefor, for all out-of-pocket expenses (including due diligence expenses, fees and expenses of consultants and advisors to the Administrative Agent and the Arranger if Continental has authorized the Administrative Agent and the Arranger to use such consultants and advisors, and reasonable fees, charges and disbursements of counsel) incurred in connection with the negotiation, execution and delivery of this Agreement or the other Operative Documents or any related documentation (including the Engagement Letter) or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated) and (ii) all out of pocket expenses incurred during the continuance of an Event of Default by the Administrative Agent or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent or any Lender, in connection with the enforcement or protection of its rights under this Agreement or any of the other Operative Documents, including its rights under this Section, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred (x) during any workout, restructuring or negotiations in respect of such Loans, and (y) the custody or preservation of, or the sale of, collection from or other realization upon any of the Collateral.
- b. Continental shall indemnify the Administrative Agent and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from and against any and all losses, claims, damages, liabilities and related expenses incurred or suffered by any Indemnitee, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee (but excluding Taxes, which will be governed by Section 2.16), in any way arising out of, related to or as a result of (i) any actual or prospective claim, litigation, investigation or proceeding, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto (including any investigating, preparing for or defending any such claims, actions, suits, investigations or proceedings, whether or not in connection with pending or threatened litigation in which such Indemnitee is a party), relating to the execution or delivery of this Agreement or any of the other Operative Documents or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or the existence or consummation of the Transactions or any other transactions contemplated hereby, or (ii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by a Credit Party or any of its Subsidiaries, or any Environmental Liability related in any way to the Credit Parties; *provided* that Continental will not be responsible for any losses, claims, damages, expenses or liabilities of any Indemnitee to the extent they are judicially determined to have resulted from the willful misconduct or gross negligence of any Indemnitee, and the Administrative Agent shall cause each Indemnitee to repay Continental the amount of any expenses previously reimbursed by Continental in connection with any such loss, claims, damages, expenses or liability.

In case any action or proceeding shall be brought or asserted against an Indemnitee in respect of which indemnity may be sought against any Credit Party under the provisions of any Operative Document, such Indemnitee shall promptly notify such Credit Party in writing and such Credit Party shall, if requested by such Indemnitee or if such Credit Party desires to do so, assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnitee but only if (i) no Event of Default shall have occurred and be continuing and (ii) such action or proceeding does not involve any risk of criminal liability or material civil money penalties being imposed on such Indemnitee. A Credit Party shall not enter into any settlement of any such action or proceeding that admits any Indemnitee's misconduct or negligence. The failure to so notify a Credit Party shall not affect any obligations such Credit Party may have to such Indemnitee under the Operative Documents or otherwise other than to the extent that such Credit Party is adversely affected by such failure. The Indemnitees shall have the right to employ separate counsel in such action or proceeding and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnitees unless: (i) a Credit Party has agreed to pay such fees and expenses, (ii) a Credit Party has failed to assume the defense of such action or proceeding and employ counsel reasonably satisfactory to the Indemnitees or (iii) the Indemnitees shall have been advised in writing by counsel that under prevailing ethical standards there may be a conflict between the positions of the Credit Parties and the Indemnitees in conducting the defense of such action or proceeding or that there may be legal defenses available to the Indemnitees different from or in addition to those available to the Credit Parties, in which case, if the Indemnitees notify the Credit Parties in writing that they elect to employ separate counsel at the expense of the Credit Parties, the Credit Parties shall not have the right to assume the defense of such action or proceeding on behalf of the Indemnitees; *provided, however*, that the Credit Parties shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the reasonable fees and expenses of more than one such firm of separate counsel, in addition to any local counsel. The Credit Parties shall not be liable for any settlement of any such action or proceeding effected without the written consent of the Credit Parties (which shall not be unreasonably withheld).

- c. To the extent that the Credit Parties fail to pay any amount required to be paid by it to the Administrative Agent under clauses (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent such Lender's percentage of the total Commitments represented by such Lender's Commitment unless such Lender's Commitments have terminated or expired, in which case such percentage shall be determined based upon such Lender's Commitments most recently in effect, giving effect to any assignments (such percentage shall be determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.
- d. To the extent permitted by applicable law, the Credit Parties shall not assert, and hereby waive, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential, punitive or exemplary damages (as opposed to direct or actual damages) arising out of or in any way related to this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.
- e. All amounts due under this Section shall be payable promptly after written demand therefor accompanied by invoices containing reasonable detail.

6. Guarantee Provisions; Joint and Several Liability.

Each Credit Party hereby irrevocably guarantees the payment of all Obligations of each other Credit Party as set forth below:

(a) Guarantee. Each Credit Party hereby jointly and severally, absolutely, unconditionally and irrevocably guarantees the full and punctual payment when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, of all Obligations; *provided*, however, that each Credit Party shall only be liable under this Agreement for the maximum amount of such liability that can be hereby incurred without rendering this Agreement, as it relates to such Credit Party, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount. This guarantee constitutes a guaranty of payment when due and not of collection, and each Credit Party specifically agrees that it shall not be necessary or required that the Lenders exercise any right, assert any claim or demand or enforce any remedy whatsoever against any Obligor or any other Person before or as a condition to the obligations of such Credit Party hereunder.

(b) Guarantee Absolute, etc. The guarantee agreed to above shall in all respects be a continuing, absolute, unconditional and irrevocable guarantee of payment, and shall remain in full force and effect until the Termination Date. Each Credit Party jointly and severally guarantees that the Obligations shall be paid strictly in accordance with the terms of each Operative Document under which such Obligations arise, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Lender with respect thereto. The liability of each Credit Party under this Section 9.06 shall be joint and several, absolute, unconditional and irrevocable irrespective of (i) any lack of validity, legality or enforceability of any Operative Document; (ii) the failure of the Lenders (A) to assert any claim or demand or to enforce any right or remedy against any Obligor or any other Person (including any other guarantor) under the provisions of any Operative Document or otherwise, or (B) to exercise any right or remedy against any other guarantor (including any Obligor) of, or collateral securing, any Obligations; (iii) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Obligations, or any other extension, compromise or renewal of any Obligation; (iv) any reduction, limitation,

impairment or termination of any Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Credit Party hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Obligations or otherwise, other than payment in full in cash in accordance with the terms thereof; (v) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Operative Document; (vi) any addition, exchange, release, surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition of, or consent to or departure from, any other guarantee held by the Lenders securing any of the Obligations; or (vii) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor (other than payment in full in cash in accordance with the terms thereof).

(c) Reinstatement, etc. Each Credit Party agrees that its guarantee shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the Obligations is rescinded or must otherwise be restored by the Lenders, upon the insolvency, bankruptcy or reorganization of any other Credit Party, any other Obligor or otherwise, all as though such payment had not been made.

(d) Waiver, etc. Each Credit Party hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Agreement for purposes of this Section 9.06 and any requirement that the Lenders protect, secure, perfect or insure any Lien, or any property subject thereto, or exhaust any right or take any action against any other Obligor or any other Person (including any other guarantor) or entity or any collateral securing the Obligations, as the case may be.

(e) Postponement of Subrogation, etc. Each Credit Party agrees that it shall not exercise any rights which it may acquire by way of rights of subrogation under any Operative Document to which it is a party, nor shall any Credit Party seek or be entitled to seek any contribution or reimbursement from any Obligor, in respect of any payment made hereunder, under any other Operative Document or otherwise, until following the Termination Date. Any amount paid to any Credit Party on account of any such subrogation rights prior to the Termination Date shall be held in trust for the benefit of the Lenders and shall immediately be paid and turned over to the Lenders in the exact form received by such Credit Party (duly endorsed in favor of the Lenders, if required), to be credited and applied against the Obligations, whether matured or unmatured; provided, however, that if (i) any Credit Party has made payment to the Lenders of all or any part of the Obligations; and (ii) the Termination Date has occurred; then at such Credit Party's request, the Lenders shall, at the expense of such Credit Party, execute and deliver to such Credit Party appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Credit Party of an interest in the Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Termination Date, each Credit Party shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in the respect of payments made under any Operative Document to the Lenders.

(f) Right of Contribution. Each Credit Party hereby agrees that, to the extent that a Credit Party shall have paid more than its proportionate share of any payment made hereunder or in respect of the Obligations, such Credit Party shall be entitled to seek and receive contribution from and against the other Credit Party hereunder which has not paid its proportionate share of such payment. The provisions of this Section shall in no respect limit the obligations and liabilities of any Credit Party to the Lenders, and each Credit Party shall remain liable to the Lenders for the full amount guaranteed by it hereunder.

7. Consent to Jurisdiction.

- a. **EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE NONEXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT OF THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER OPERATIVE DOCUMENTS, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS AGREEMENT SHALL AFFECT ANY RIGHT THAT ANY PARTY HERETO MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AGAINST ANY OTHER PARTY HERETO OR THEIR PROPERTIES IN THE COURTS OF ANY JURISDICTION.**
- b. **EACH OF THE PARTIES TO THIS AGREEMENT IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT IN ANY COURT REFERRED TO IN PARAGRAPH (A) OF THIS SECTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.**
- c. **EACH PARTY TO THIS AGREEMENT IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.02. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.**

8. Binding Effect.

This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

9. Survival.

All covenants, agreements, representations and warranties made by the Credit Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect until the Termination Date. The provisions of Sections 2.12, 2.15, 2.16 and 9.05 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans or the termination of this Agreement or a ny provision hereof.

10. Captions.

Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

11. Severability.

To the fullest extent permitted by law, any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

12. Execution in Counterparts.

This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract.

13. Confidentiality.

Each of the Administrative Agent and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel, internal or independent auditors and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Credit Parties or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than any Credit Party. For the purposes of this Section, "Information" means all information received from any Credit Party, any Subsidiary of a Credit Party or any of their agents relating to any Credit Party or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by any such Person. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

14. WAIVER OF JURY TRIAL.

EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

15. Entire Agreement.

This Agreement, the Operative Documents and the Engagement Letter constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

16. Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

17. Right of Setoff.

If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Credit Party against any of and all the obligations of such Credit Party now or hereafter existing under any Operative Document held by such Lender, *provided* such Lender shall have made any demand under such Operative Document and such obligations shall be matured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

18. Acknowledgments.

Each Credit Party hereby acknowledges that:

- a. it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Operative Documents;
- b. neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Credit Party arising out of or in connection with this Agreement or any of the other Operative Documents, and the relationship between the Credit Parties, on one hand, and Administrative Agent and Lenders, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and
- c. no joint venture is created hereby or by the other Operative Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Credit Parties and the Lenders.

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

CONTINENTAL AIRLINES, INC.

By: /s/ Gerald Laderman
Name: Gerald Laderman
Title: Senior Vice President - Finance and Treasurer

CONTINENTAL MICRONESIA, INC.

By: /s/ Gerald Laderman
Name: Gerald Laderman
Title: Senior Vice President - Finance and Treasurer

AIR MICRONESIA, INC.

By: /s/ Gerald Laderman
Name: Gerald Laderman
Title: Senior Vice President - Finance and Treasurer

MERRILL LYNCH MORTGAGE CAPITAL, INC.,
as Administrative Agent

By: /s/ Joshua A. Green
Name: Joshua A. Green
Title: Vice President

LENDER

Commitment

MERRILL LYNCH MORTGAGE CAPITAL INC.

\$300,000,000

By: /s/ Joshua A. Green

Name: Joshua A. Green

Title: Vice President

Lending Office:

Merrill Lynch Mortgage Capital Inc.

4 World Financial Center, 10th Floor

New York, New York 10080

Address for Notices:

Merrill Lynch Mortgage Capital Inc.

4 World Financial Center, 10th Floor

New York, New York 10080

Attention: Josh Green

Telecopier No.: (212) 449-6673

Supplemental Agreement No. 34

to

Purchase Agreement No. 1951

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of

June 22, 2005, by and between THE BOEING COMPANY (Boeing) and Continental Airlines, Inc. (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement), as amended and supplemented, relating to Boeing Model 737-500, 737-600, 737-700, 737-800, and 737-900 aircraft (the Aircraft);

WHEREAS, Boeing has identified further business terms related to pricing adjustment for Aircraft delivering in the years 2005 and on.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. Table of Contents, Articles, Tables and Exhibits:

1.1 Remove and replace, in its entirety, the "Table of Contents", with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 34.

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 6-1162-GOC-131R3, "Special Matters", with the revised Letter Agreement 6-1162-GOC-131R4 attached hereto.

The Agreement will be deemed to be supplemented to the extent herein provided and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first written above.

THE BOEING COMPANY Continental Airlines, Inc.

By: /s/ Michael S. Anderson By: /s/ Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President - Finance and Treasurer

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Generation Aircraft (1995 Base Price -

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D1 Airframe and Engine Price Adjustments -

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Supplemental Agreement No. 34 June , 2005

—

June 22, 2005

6-1162-GOC-131R4

Continental Airlines, Inc.

1600 Smith Street

Subject: Letter Agreement No. 6-1162-GOC-131R4 to Purchase

Agreement No. 1951 - Special Matters

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1951 dated as of July 23, 1996 (the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-GOC-131R3 dated May 23, 2001.

All terms used herein and in the Agreement, and not defined herein, will have the same meaning as in the Agreement.

1. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Advance Payment Schedule.

2.1 Firm Aircraft. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.2 Option Aircraft. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. Option Aircraft.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7. Confidential Treatment.

Boeing and Buyer understand that certain information contained in this Letter Agreement, including any attachments hereto, are considered by both parties to be confidential. Notwithstanding the provisions of Letter Agreement 6-1162-MMF-308R2, Boeing and Buyer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

Very truly yours,

THE BOEING COMPANY

By /s/ Michael S. Anderson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 22, 2005

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Supplemental Agreement No. 35

to

Purchase Agreement No. 1951

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of

June 30, 2005, by and between THE BOEING COMPANY (Boeing) and Continental Airlines, Inc. (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement), as amended and supplemented, relating to Boeing Model 737-500, 737-600, 737-700, 737-800, and 737-900 aircraft (the Aircraft);

WHEREAS, Boeing and Customer have mutually agreed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

WHEREAS, Boeing and Customer have mutually agreed the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Agreement as follows:

1. Table of Contents, Articles, Tables and Exhibits:

1.1 Remove and replace, in its entirety, the "Table of Contents", with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 35.

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 1951-9R15, "Option Aircraft - Model 737-724 Aircraft", with the revised Letter Agreement 1951-9R16 attached hereto [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 Remove and replace, in its entirety, Letter Agreement 1951-3R20, "Option Aircraft - Model 737-824 Aircraft", with the revised Letter Agreement 1951-3R21 attached hereto [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

3. Distribution of Funds:

3.1 Upon execution of this Supplemental Agreement 35 and purchase agreement 2484, Boeing will [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

The Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first written above.

THE BOEING COMPANY Continental Airlines, Inc.

By: /s/ Michael S. Anderson By: /s/ Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President -

Finance and Treasurer

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Aircraft delivering through July 2004) SA 1

D1 Airframe and Engine Price Adjustments -

Current Generation Aircraft SA 1

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Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Letter Agreement No. 1951-9R16 to Purchase Agreement No. 1951 - Option Aircraft - Model 737-724 Aircraft

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737-724 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 1951-9R15 dated November 4, 2003.

All terms used and not defined herein shall have the same meaning as in the Agreement.

In consideration of Buyer's purchase of the Aircraft, Boeing hereby agrees to manufacture and sell up to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] additional Model 737-724 Aircraft (the Option Aircraft) to Buyer, on the same terms and conditions set forth in the Agreement, except as otherwise described in Attachment A hereto, and subject to the terms and conditions set forth below.

1. Delivery.

The Option Aircraft will be delivered to Buyer during or before the months set forth in the following schedule:

Month and Year Number of
of Delivery Option Aircraft

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Price.

The basic price of the Option Aircraft shall be [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. Option Aircraft Deposit.

In consideration of Boeing's grant to Buyer of options to purchase the Option Aircraft as set forth herein, Buyer has paid a deposit to Boeing of \$[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for each Option Aircraft (the Option Deposit) prior to the date of this Letter Agreement. If Buyer exercises an option herein for an Option Aircraft, the amount of the Option Deposit for such Option Aircraft will be credited against the first advance payment due for such Option Aircraft pursuant to the advance payment schedule set forth in Article 5 of the Agreement.

If Buyer does not exercise its option to purchase a particular Option Aircraft pursuant to the terms and conditions set forth herein, Boeing shall be entitled to retain the Option Deposit for such Option Aircraft.

4. Option Exercise.

To exercise its option to purchase the Option Aircraft, Buyer shall give written notice thereof to Boeing on or before the first business day of the month in each Option Exercise Date shown below:

Option Aircraft Option Exercise Date

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. Contract Terms.

Within thirty (30) days after Buyer exercises an option to purchase Option Aircraft pursuant to paragraph 4 above, Boeing and Buyer will use their best reasonable efforts to enter into a supplemental agreement amending the Agreement to add the applicable Option Aircraft to the Agreement as a firm Aircraft (the Option Aircraft Supplemental Agreement).

If the parties have not entered into such an Option Aircraft Supplemental Agreement within the time period contemplated herein, either party shall have the right, exercisable by written or telegraphic notice given to the other within ten (10) days after such period, to cancel the purchase of such Option Aircraft.

6. Cancellation of Option to Purchase.

Either Boeing or Buyer may cancel the option to purchase an Option Aircraft if any of the following events are not accomplished by the respective dates contemplated in this Letter Agreement, or in the Agreement, as the case may be:

- (i) purchase of the Aircraft under the Agreement for any reason not attributable to the cancelling party;
- (ii) payment by Buyer of the Option Deposit with respect to such Option Aircraft pursuant to paragraph 3 herein; or
- (iii) exercise of the option to purchase such Option Aircraft pursuant to the terms hereof.

Any cancellation of an option to purchase by Boeing which is based on the termination of the purchase of an Aircraft under the Agreement shall be on a one-for-one basis, for each Aircraft so terminated.

Cancellation of an option to purchase provided by this letter agreement shall be caused by either party giving written notice to the other within ten (10) days after the respective date in question. Upon receipt of such notice, all rights and obligations of the parties with respect to an Option Aircraft for which the option to purchase has been cancelled shall thereupon terminate.

If an option is cancelled as provided above, Boeing shall promptly refund to Buyer, without interest, any payments received from Buyer with respect to the affected Option Aircraft. Boeing shall be entitled to retain the Option Deposit unless cancellation is attributable to Boeing's fault, in which case the Option Deposit shall also be returned to Buyer without interest.

7. Applicability.

Except as otherwise specifically provided, limited or excluded herein, all Option Aircraft that are added to the Agreement by an Option Aircraft Supplemental Agreement as firm Aircraft shall benefit from all the applicable terms, conditions and provisions of the Agreement.

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If the foregoing accurately reflects your understanding of the matters treated herein, please so indicate by signature below.

Very truly yours,

THE BOEING COMPANY

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By /s/ Michael S. Anderson

Its Attorney-In-Fact

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ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.,

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By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

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Attachment

Model 737-724 Aircraft

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft are described by Boeing Detail Specification D6-38808-42 Revision A, dated as of November 1, 1998, as amended and revised pursuant to the Agreement.

1.2 Changes. The Option Aircraft Detail Specification shall be revised to include:

(1) Changes applicable to the basic Model 737-700 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of a Supplemental Agreement for the Option Aircraft.

(2) Changes mutually agreed upon.

(3) Changes required to obtain a Standard Certificate of Airworthiness.

1.3 Effect of Changes. Changes to the Detail Specification pursuant to the provisions of the clauses above shall include the effects of such changes upon Option Aircraft weight, balance, design and performance.

2. Price Description.

2.1 Price Adjustments.

2.1.1 Base Price Adjustments. The Base Airplane Price (pursuant to Article 3 of the Agreement) of the Option Aircraft will be adjusted to Boeing's and the engine manufacturer's then-current prices as of the date of execution of the Supplemental Agreement for the Option Aircraft.

2.1.2 Special Features. The price for Special Features incorporated in the Option Aircraft Detail Specification will be adjusted to Boeing's then-current prices for such features as of the date of execution of the Supplemental Agreement for the Option Aircraft [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.1.3 Escalation Adjustments. The Base Airframe and Special Features price will be escalated according to the applicable airframe and engine manufacturer escalation provisions contained in Exhibit D of the Agreement.

2.1.4 Price Adjustments for Changes. Boeing may adjust the Aircraft Basic Price and the Advance Payment Base Prices for Option Aircraft for any changes mutually agreed upon by Buyer and Boeing subsequent to the date that Buyer and Boeing enter into the Supplemental Agreement for the Option Aircraft.

2.1.5 BFE to SPE. An estimate of the total price for items of Buyer Furnished Equipment (BFE) changed to Seller Purchased Equipment (SPE) pursuant to the Detail Specification is included in the Option Aircraft price build-up. The purchase price of the Option Aircraft will be adjusted by the price charged to Boeing for such items plus 10% of such price.

3. Advance Payments.

3.1 If Buyer exercises its right under this letter agreement to acquire an Option Aircraft, Buyer shall pay to Boeing advance payments for such Option Aircraft pursuant to the schedule for payment of advance payments provided in the Agreement.

1951-3R21

June 30 2005

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Letter Agreement No. 1951-3R21 to Purchase Agreement No. 1951 - Option Aircraft - Model 737-824 Aircraft

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737-824 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 1951-3R20 dated December 29, 2004.

All terms used and not defined herein shall have the same meaning as in the Agreement.

In consideration of Buyer's purchase of the Aircraft, Boeing hereby agrees to manufacture and sell up to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] additional Model 737-824 Aircraft (the Option Aircraft) to Buyer, on the same terms and conditions set forth in the Agreement, except as otherwise described in Attachment A hereto, and subject to the terms and conditions set forth below.

1. Delivery.

The Option Aircraft will be delivered to Buyer during or before the months set forth in the following schedule:

Month and Year Number of

of Delivery Option Aircraft

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.

3. Price.

The basic price of the Option Aircraft shall [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. Option Aircraft Deposit.

In consideration of Boeing's grant to Buyer of options to purchase the Option Aircraft as set forth herein, Buyer has paid a deposit to Boeing of \$[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for each Option Aircraft (the Option Deposit) prior to the date of this Letter Agreement. If Buyer exercises an option herein for an Option Aircraft, the amount of the Option Deposit for such Option Aircraft will be credited against the first advance payment due for such Option Aircraft pursuant to the advance payment schedule set forth in Article 5 of the Agreement.

If Buyer does not exercise its option to purchase a particular Option Aircraft pursuant to the terms and conditions set forth herein, Boeing shall be entitled to retain the Option Deposit for such Option Aircraft.

4. Option Exercise.

To exercise its option to purchase the Option Aircraft, Buyer shall give written notice thereof to Boeing on or before the first business day of the month in each Option Exercise Date shown below:

Option Aircraft Option Exercise Date

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. Contract Terms.

Within thirty (30) days after Buyer exercises an option to purchase Option Aircraft pursuant to paragraph 4 above, Boeing and Buyer will use their best reasonable efforts to enter into a supplemental agreement amending the Agreement to add the applicable Option Aircraft to the Agreement as a firm Aircraft (the Option Aircraft Supplemental Agreement).

In the event the parties have not entered into such an Option Aircraft Supplemental Agreement within the time period contemplated herein, either party shall have the right, exercisable by written or telegraphic notice given to the other within ten (10) days after such period, to cancel the purchase of such Option Aircraft.

6. Cancellation of Option to Purchase.

Either Boeing or Buyer may cancel the option to purchase an Option Aircraft if any of the following events are not accomplished by the respective dates contemplated in this Letter Agreement, or in the Agreement, as the case may be:

(i) purchase of the Aircraft under the Agreement for any reason not attributable to the canceling party;

(ii) payment by Buyer of the Option Deposit with respect to such Option Aircraft pursuant to paragraph 3 herein; or

(iii) exercise of the option to purchase such Option Aircraft pursuant to the terms hereof.

Any cancellation of an option to purchase by Boeing which is based on the termination of the purchase of an Aircraft under the Agreement shall be on a one-for-one basis, for each Aircraft so terminated.

Cancellation of an option to purchase provided by this letter agreement shall be caused by either party giving written notice to the other within ten (10) days after the respective date in question. Upon receipt of such notice, all rights and obligations of the parties with respect to an Option Aircraft for which the option to purchase has been cancelled shall thereupon terminate.

If an option is cancelled as provided above, Boeing shall promptly refund to Buyer, without interest, any payments received from Buyer with respect to the affected Option Aircraft. Boeing shall be entitled to retain the Option Deposit unless cancellation is attributable to Boeing's fault, in which case the Option Deposit shall also be returned to Buyer without interest.

7. Applicability.

Except as otherwise specifically provided, limited or excluded herein, all Option Aircraft that are added to the Agreement by an Option Aircraft Supplemental Agreement as firm Aircraft shall benefit from all the applicable terms, conditions and provisions of the Agreement.

—
If the foregoing accurately reflects your understanding of the matters treated herein, please so indicate by signature below.

Very truly yours,

THE BOEING COMPANY

—
—
By /s/ Michael S. Anderson

Its Attorney-In-Fact

—
ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.,

—
—
By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

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Attachment

Model 737-824 Aircraft

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft are described by Boeing Detail Specification D6-38808-43 Revision D, dated October 2, 2001, as amended and revised pursuant to the Agreement.

1.2 Changes. The Option Aircraft Detail Specification shall be revised to include:

(1) Changes applicable to the basic Model 737-800 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of a Supplemental Agreement for the Option Aircraft.

(2) Changes mutually agreed upon.

(3) Changes required to obtain a Standard Certificate of Airworthiness.

1.3 Effect of Changes. Changes to the Detail Specification pursuant to the provisions of the clauses above shall include the effects of such changes upon Option Aircraft weight, balance, design and performance.

2. Price Description.

2.1 Price Adjustments.

2.1.1 Base Price Adjustments. The Base Airplane Price (pursuant to Article 3 of the Agreement) of the Option Aircraft will be adjusted to Boeing's and the engine manufacturer's then-current prices as of the date of execution of the Supplemental Agreement for the Option Aircraft.

2.1.2 Special Features. The price for Special Features incorporated in the Option Aircraft Detail Specification will be adjusted to Boeing's then-current prices for such features as of the date of execution of the Supplemental Agreement for the Option Aircraft [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.1.3 Escalation Adjustments. The Base Airplane and Special Features price will be escalated according to the applicable airframe and engine manufacturer escalation provisions contained in Exhibit D of the Agreement.

2.1.4 Price Adjustments for Changes. Boeing may adjust the Aircraft Basic Price and the Advance Payment Base Prices for Option Aircraft for any changes mutually agreed upon by Buyer and Boeing subsequent to the date that Buyer and Boeing enter into the Supplemental Agreement for the Option Aircraft.

3. Advance Payments.

If Buyer exercises its right under this letter agreement to acquire an Option Aircraft, Buyer shall pay to Boeing advance payments for such Option Aircraft pursuant to the schedule for payment of advance payments provided in the Agreement.

Supplemental Agreement No. 1

to

Purchase Agreement No. 2484

between

The Boeing Company

and

Continental Airlines, Inc.Relating to Boeing Model 787-8 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of June 30, 2005, by and between THE BOEING COMPANY (Boeing) and Continental Airlines, Inc. (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2484 dated December 29, 2004 (the Purchase Agreement), as amended and supplemented, relating to Boeing Model 787-8 aircraft (the Aircraft);

WHEREAS, Boeing and Customer have mutually agreed to **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

WHEREAS, Boeing and Customer have mutually agreed to the offering of five (5) 787-8 option aircraft (the Option Aircraft) with delivery position as follows:

1/May 2011

1/June 2011

1/March 2012

1/April 2012

1/May 2012

WHEREAS, Boeing and Customer have mutually agreed to **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

WHEREAS, Boeing and Customer have mutually agreed the previously open contracting issues as defined in Open Matters Letter Agreement 6-1162-MSA-553 have been completed, incorporated into the applicable areas of this Purchase Agreement or AGTA (AGTA-CAL), or are otherwise considered closed, and;

WHEREAS, Boeing and Customer have mutually agreed to other terms and conditions modifications of the Purchase Agreement.

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the Purchase Agreement as follows:

1. Table of Contents, Articles, Tables and Exhibits:

1.1 Remove and replace, in its entirety, the "Table of Contents", with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 1.

1.2 Remove and replace, in its entirety, the "Articles" text, with the Articles text attached hereto, to reflect the changes made by this Supplemental Agreement No. 1.

1.3 Remove and replace, in its entirety, Table 1 (page 1 and 2) entitled, "Purchase Agreement 2484 Aircraft Deliveries, Descriptions, Price and Advance Payments", with revised Table 1 (page 1 and 2), attached hereto, to reflect the rescheduling of certain Aircraft.

1.4 Include Exhibit A entitled, "Aircraft Configuration", attached hereto.

1.5 Include Exhibit B entitled, "Aircraft Delivery Requirements and Responsibilities", attached hereto.

1.6 Include Supplemental Exhibit AE1 entitled, "Escalation Adjustment Airframe and Optional Features", attached hereto.

1.7 Include Supplemental Exhibit BFE1 entitled, "Buyer Furnished Equipment Variables", attached hereto.

1.8 Include Supplemental Exhibit CS1 entitled, "787 Customer Support Document", attached hereto.

1.9 Include Supplemental Exhibit EE1 entitled, "Engine Escalation and Engine Warranty", attached hereto.

1.10 Include Supplemental Exhibit SLP1 entitled, "Service Life Policy Components", attached hereto.

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 6-1162-MSA-546, "Open Configuration Matters", with the revised Letter Agreement 6-1162-MSA-546R1 attached hereto.

2.2 Include Letter Agreement 6-1162-MSA-547, "Option Aircraft", attached hereto.

2.3 Include Letter Agreement 6-1162-MSA-549, "Spare Parts Initial Provisioning", attached hereto.

2.4 Include Letter Agreement 6-1162-MSA-550, "Spare Parts Commitments", attached hereto.

2.5 Include Letter Agreement 6-1162-MSA-551, **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**, attached hereto.

2.6 Remove and replace, in its entirety, Letter Agreement 6-1162-MSA-552, "Special Matters", with the revised Letter Agreement 6-1162-MSA-552R1 attached hereto.

2.7 Remove and replace, in its entirety, Letter Agreement 6-1162-MSA-553, "Open Matters", with the revised Letter Agreement 6-1162-MSA-553R1 attached hereto.

2.8 Include Letter Agreement 6-1162-MSA-554, [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

attached hereto.

2.9 Include Letter Agreement 6-1162-MSA-555, "Promotional Support", attached hereto.

2.10 Include Letter Agreement 6-1162-MSA-609, "Alternate Engine Selection", attached hereto.

The Agreement will be deemed to be supplemented to the extent herein provided as of the date hereof and as so supplemented will continue in full force and effect.

EXECUTED IN DUPLICATE as of the day and year first written above.

THE BOEING COMPANY Continental Airlines, Inc.

By: /s/ Michael S. Anderson By: /s/ Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President -

Finance and Treasurer

PURCHASE AGREEMENT NUMBER 2484

between

THE BOEING COMPANY

and

Continental airlines, inc.

Relating to Boeing Model 787 Aircraft

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3. Price

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SLP1. Service Life Policy Components 1

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6-1162-MSA-553R1 Open Matters 1

6-1162-MSA-554 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] 1

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6-1162-MSA-555 Promotion Support 1

6-1162-MSA-609 Alternate Engine Selection 1

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SUPPLEMENTAL AGREEMENTS DATED AS OF:

Supplemental Agreement No. 1 June 30, 2005

Purchase Agreement No. 2484

between

The Boeing Company

and

Continental Airlines, Inc.

This Purchase Agreement No. 2484 dated as of December 29, 2004 between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to the purchase and sale of Model 787 aircraft together with all tables, exhibits, supplemental exhibits, letter agreements and other attachments thereto, if any, (Purchase Agreement) incorporates and amends the terms and conditions of the Aircraft General Terms Agreement dated as of October 10, 1997 between the parties, identified as AGTA-CAL (AGTA).

Article 1. Quantity, Model, Description and Inspection.

The aircraft to be delivered to Customer will be designated as Model 787-8 aircraft (the Aircraft). Boeing will manufacture and sell to Customer Aircraft conforming to the configuration described in Exhibit A in the quantities listed in Table 1 to this Purchase Agreement. Twelve (12) months prior to delivery of Customer's first Aircraft, Boeing will provide Customer a Boeing document defining a customer inspection process appropriate to the 787 manufacturing process (787 Inspection Process) which will apply in lieu of inspection processes traditionally applicable to other models of aircraft and will supersede the provisions of Article 5.2 of the AGTA.

Article 2. Delivery Schedule.

The Aircraft will be delivered to Customer in accordance with the scheduled months of delivery of the Aircraft listed in the attached Table 1. Exhibit B describes certain responsibilities for both Customer and Boeing in order to accomplish the delivery of the Aircraft.

Article 3. Price.

3.1 Aircraft Basic Price. The Aircraft Basic Price is listed in Table 1 in subject to escalation dollars. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

@PA/EXA#

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AIRCRAFT CONFIGURATION

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between

-
THE BOEING COMPANY

-
and

-
CONTINENTAL AIRLINES, INC.

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Exhibit A to Purchase Agreement Number 2484

Exhibit A to
Purchase Agreement No. 2484
Page 2

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AIRCRAFT CONFIGURATION

-
Dated June 30, 2005

-
relating to

-
BOEING MODEL 787-8 AIRCRAFT

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The Airframe Price in Table 1 was established utilizing the 787 Airplane Description and Selections 787B1-0227 Revision E dated March 2, 2005 and YS6308-E dated March 2, 2005 for 270 passenger interior. The content of this Exhibit A will be defined pursuant to the provisions of Letter Agreement 6-1162-MSA-546R1, Open Configuration Matters, to the Purchase Agreement.

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AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

between

THE BOEING COMPANY

and

continental airlines, inc.

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Exhibit B to Purchase Agreement Number 2484

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AIRCRAFT DELIVERY REQUIREMENTS AND RESPONSIBILITIES

relating to

BOEING MODEL 787-8 AIRCRAFT

-

Both Boeing and Customer have certain documentation and approval responsibilities at various times during the construction cycle of Customer's Aircraft that are critical to making the delivery of each Aircraft a positive experience for both parties. This Exhibit B documents those responsibilities and indicates recommended completion deadlines for the actions to be accomplished. If Customer fails to meet any particular deadline for an Aircraft, such failure shall not be deemed a breach of the Purchase Agreement provided that Customer promptly contacts Boeing to negotiate and agree upon a later deadline that will not interrupt Boeing's manufacturing operations nor cause a delay in delivery of the affected Aircraft.

1. GOVERNMENT DOCUMENTATION REQUIREMENTS.

Certain actions are required to be taken by Customer in advance of the scheduled delivery month of each Aircraft with respect to obtaining certain government issued documentation.

1.1 Airworthiness and Registration Documents.

Not later than 6 months prior to delivery of each Aircraft, Customer will notify Boeing of the registration number to be painted on the side of the Aircraft. In addition, and not later than 3 months prior to delivery of each Aircraft, Customer will, by letter to the regulatory authority having jurisdiction, authorize the temporary use of such registration numbers by Boeing during the pre-delivery testing of the Aircraft.

Customer is responsible for furnishing any Temporary or Permanent Registration Certificates required by any governmental authority having jurisdiction to be displayed aboard the Aircraft after delivery.

1.2 Certificate of Sanitary Construction.

1.2.1 U.S. Registered Aircraft. Boeing will obtain from the United States Public Health Service, a United States Certificate of Sanitary Construction to be displayed aboard each Aircraft after delivery to Customer.

1.2.2 Non-U.S. Registered Aircraft. If, for any non-U.S. registered Aircraft, Customer requires a United States Certificate of Sanitary Construction at the time of delivery of the Aircraft, Customer will give written notice thereof to Boeing at least 3 months prior to delivery. Boeing will then use its reasonable best efforts to obtain the Certificate from the United States Public Health Service and present it to Customer at the time of Aircraft delivery.

1.3 Customs Documentation.

1.3.1 Import Documentation. If the Aircraft is intended to be exported from the United States, Customer must notify Boeing not later than 3 months prior to delivery of each Aircraft of any documentation required by the customs authorities or by any other agency of the country of import.

1.3.2 General Declaration - U.S. If the Aircraft is intended to be exported from the United States, Boeing will prepare Customs Form 7507, General Declaration, for execution by U.S. Customs immediately prior to the ferry flight of the Aircraft. For this purpose, Customer will furnish to Boeing not later than 20 days prior to delivery all information required by U.S. Customs or U.S. Immigration and Naturalization Service, including without limitation (i) a complete crew and passenger list identifying the names, birth dates, passport numbers and passport expiration dates of all crew and passengers and (ii) a complete ferry flight itinerary, including point of exit from the United States for the Aircraft.

If Customer intends, during the ferry flight of an Aircraft, to land at a U.S. airport after clearing Customs at delivery, Customer must notify Boeing not later than 20 days prior to delivery of such intention. If Boeing receives such notification, Boeing will provide to Customer the documents constituting a Customs permit to proceed, allowing such Aircraft to depart after any such landing. Sufficient copies of completed Form 7507, along with passenger manifest, will be furnished to Customer to cover U.S. stops scheduled for the ferry flight.

1.3.3 Export Declaration - U.S. If the Aircraft is intended to be exported from the United States, Boeing will prepare Form 7525V and, immediately prior to the ferry flight, will submit such Form to U.S. Customs in Seattle in order to obtain clearance for the departure of the Aircraft, including any cargo, from the United States. U.S. Customs will deliver the Export Declaration to the U.S. Department of Commerce after export.

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2. Insurance CertificateS.

Unless provided earlier, Customer will provide to Boeing not later than 30 days prior to delivery of the first Aircraft, a copy of the requisite annual insurance certificate in accordance with the requirements of Article 8 of the AGTA.

3. NOTICE OF FLYAWAY CONFIGURATION.

Not later than 20 days prior to delivery of the Aircraft, Customer will provide to Boeing a configuration letter stating the requested "flyaway configuration" of the Aircraft for its ferry flight. This configuration letter should include:

(i) the name of the company which is to furnish fuel for the ferry flight and any scheduled post-delivery flight training, the method of payment for such fuel, and fuel load for the ferry flight;

(ii) the cargo to be loaded and where it is to be stowed on board the Aircraft, the address where cargo is to be shipped after flyaway and notification of any hazardous materials requiring special handling;

(iii) any BFE equipment to be removed prior to flyaway and returned to Boeing BFE stores for installation on Customer's subsequent Aircraft;

(iv) a complete list of names and citizenship of each crew member and non-revenue passenger who will be aboard the ferry flight; and

(v) a complete ferry flight itinerary.

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4. DELIVERY ACTIONS BY BOEING.

4.1 Schedule of Inspections. All inspections of the Aircraft by FAA, Boeing, Customer and, if required, U.S. Customs Bureau will be scheduled by Boeing for completion prior to delivery or departure of the Aircraft. Boeing will inform Customer of such schedules.

4.2 Schedule of Demonstration Flights. All FAA and Customer demonstration flights will be scheduled by Boeing for completion prior to delivery of the Aircraft.

4.3 Schedule for Customer's Flight Crew. Boeing will inform Customer of the date that a flight crew is required for acceptance routines associated with delivery of the Aircraft.

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4.4 Fuel Provided by Boeing. Boeing will provide to Customer, without charge, the amount of fuel shown in U.S. gallons in the table below for the model of Aircraft being delivered and full capacity of engine oil at the time of delivery or prior to the ferry flight of the Aircraft.

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<u>Aircraft Model</u>	<u>Fuel Provided</u>
<u>787</u>	<u>[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]</u>

4.5 Flight Crew and Passenger Consumables. Boeing will provide reasonable quantities of food, trash bags in the galleys, coat hangers, towels, toilet tissue, drinking cups and soap for the first segment of the ferry flight for the Aircraft.

4.6 Delivery Papers, Documents and Data. Boeing will have available at the time of delivery of the Aircraft certain delivery papers, documents and data for execution and delivery. Prior to ticketing the Aircraft, Customer will provide Company Aircraft Maintenance Logs for Boeing Airworthiness Release stamp and/or signature, and after delivery but prior to Aircraft departure, load software as required by Customer per Customer Software Letter Agreement 6-1162-MSA-XXX for ferry flight to destination. If title for the Aircraft will be transferred to Customer through a Boeing sales subsidiary and if the Aircraft will be registered with the FAA, Boeing will pre-position in Oklahoma City, Oklahoma, for filing with the FAA at the time of delivery of the Aircraft an executed original Form 8050-2, Aircraft Bill of Sale, indicating transfer of title to the Aircraft from Boeing's sales subsidiary to Customer.

4.7 Delegation of Authority. If specifically requested in advance by Customer, Boeing will present a certified copy of a Resolution of Boeing's Board of Directors, designating and authorizing certain persons to act on its behalf in connection with delivery of the Aircraft.

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5. DELIVERY ACTIONS BY CUSTOMER.

5.1 Aircraft Radio Station License. At delivery of the Aircraft Customer will provide its Aircraft Radio Station License to be placed on board the Aircraft following delivery.

5.2. Aircraft Flight Log. At delivery of the Aircraft Customer will provide the Aircraft Flight Log for the Aircraft.

5.3 Delegation of Authority. Customer will present to Boeing at delivery of the Aircraft an original or certified copy of Customer's Delegation of Authority designating and authorizing certain persons to act on its behalf in connection with delivery of the specified Aircraft.

ESCALATION ADJUSTMENT

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AIRFRAME AND OPTIONAL FEATURES

-

between

THE BOEING COMPANY

and

Continental airlines, inc.

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Supplemental Exhibit AE1 to Purchase Agreement Number 2484

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1. Formula

Airframe and Optional Features price adjustments (Airframe Price Adjustment) are used to allow prices to be stated in current year dollars at the signing of this Purchase Agreement and to adjust the amount to be paid by Customer at delivery for the effects of economic fluctuation. The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$P_a = (P) \cdot (L + M) - P$$

Where:

P_a = Airframe Price Adjustment.

L = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

x (ECI

ECI_b) where ECI_b is the base year index

(as set forth in Table 1 of this Purchase Agreement).

M = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

x [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

where [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the base year index (as set forth in Table 1 of this Purchase Agreement)

P = Airframe Price plus Optional Features Price (as set forth in Table 1 of this Purchase Agreement).

ECI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], calculated by establishing a three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the month of scheduled delivery of the applicable Aircraft. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the month of scheduled delivery of the applicable Aircraft.

As an example, for an Aircraft scheduled to be delivered in the month of July, the months [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of the preceding year will be utilized in determining the value of ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Note: i. In determining the values of L and M, all calculations and resulting values will be expressed as a decimal rounded to the nearest thousandth.

ii. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the numeric ratio attributed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] in the Airframe Price Adjustment formula.

iii. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the numeric ratio attributed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] in the Airframe Price Adjustment formula.

iv. The denominators (base year indices) are the actual average values reported by the U.S. Department of Labor, Bureau of Labor Statistics. The actual average values are calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the airframe base year. The applicable base year and corresponding denominator is provided by Boeing in Table 1 of this Purchase Agreement.

v. The final value of P_a will be rounded to the nearest dollar.

vi. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Values to be Used if Bureau of Labor Statistics Are [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.2 Notwithstanding Article 2.1 above, if prior to the scheduled delivery month of an Aircraft the Bureau of Labor Statistics changes the base year for determination of the ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values as defined above, such re-based values will be incorporated in the Airframe Price Adjustment calculation.

2.3 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.4 If within 12 months of Aircraft delivery, the published index values are revised due to an acknowledged error by the Bureau of Labor Statistics, the Airframe Price Adjustment will be re-calculated using the revised index values (this does not include those values noted as preliminary by the Bureau of Labor Statistics). A credit memorandum or supplemental invoice will be issued for the Airframe Price Adjustment difference. Interest charges will not apply for the period of original invoice to issuance of credit memorandum or supplemental invoice.

Note: i. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to the first day of the scheduled delivery month of an Aircraft will be used to determine the ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment for the Aircraft invoice at the time of delivery. The values will be considered final and no Airframe Price Adjustments will be made after Aircraft delivery for any subsequent changes in published Index values, subject always to paragraph 2.4 above.

ii. The maximum number of digits to the right of the decimal after rounding utilized in any part of the Airframe Price Adjustment equation will be 4, where rounding of the fourth digit will be increased to the next highest digit when the 5th digit is equal to 5 or greater.

BUYER FURNISHED EQUIPMENT VARIABLES

between

THE BOEING COMPANY

and

CONTINENTAL AIRLINES

-

Supplemental Exhibit BFE1 to Purchase Agreement Number 2484

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BUYER FURNISHED EQUIPMENT VARIABLES

relating to

787-8 AIRCRAFT

-

This Supplemental Exhibit BFE1 contains vendor selection dates, on-dock dates and other variables applicable to the Aircraft.

1. Supplier Selection.

Customer will:

1.1 Select and notify Boeing of the suppliers and part numbers of the following Buyer Furnished Equipment (BFE) items by the following dates:

(TBI)

2. On-dock Dates

On or before (date to be determined, if BFE is applicable), Boeing will provide to Customer a BFE Requirements On-Dock/Inventory Document (BFE Document) or an electronically transmitted BFE Report which may be periodically revised, setting forth the items, quantities, on-dock dates and shipping instructions relating to the in-sequence installation of BFE. For planning purposes, a preliminary BFE on-dock schedule is set forth below:

Item Preliminary On-Dock Dates

[Month of Delivery:]

-	-	-
-	<u>Aircraft</u>	<u>Aircraft</u>
<u>(date to be determined, if BFE is applicable)</u>	-	-

-

3. Additional Delivery Requirements

Customer will ensure that Customer's BFE suppliers provide sufficient information to enable Boeing, when acting as Importer of Record for Customer's BFE, to comply with all applicable provisions of the U.S. Customs Service.

787 CUSTOMER SUPPORT DOCUMENT

between

THE BOEING COMPANY

and

CONTINENTAL AIRLINES, INC.

-

Supplemental Exhibit CS1 to Purchase Agreement Number 2484

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This document contains:

Part 1: Boeing Maintenance and Flight Training Programs; Operations Engineering Support

Part 2: Field Services and Engineering Support

Services

Part 3: Technical Information and Materials

Part 4: Alleviation or Cessation of Performance

Part 5: Protection of Proprietary Information and
Proprietary Materials

787 CUSTOMER SUPPORT DOCUMENT

PART 1: BOEING MAINTENANCE AND FLIGHT TRAINING

PROGRAMS; OPERATIONS ENGINEERING SUPPORT

1. Boeing Training Programs.

Boeing will provide maintenance training, cabin attendant training, and flight training programs to support the introduction of the Aircraft into service as provided in this Supplemental Exhibit CS1.

1.1 Customer is awarded 1,280 points (Training Points) [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. At any time before 24 months after delivery of Customer's last Aircraft (Training Program Period) Customer may exchange Training Points for any of the training courses described on Attachment A at the point values described on Attachment A or for other training Boeing may identify at specified point values. At the end of the Training Program Period any unused Training Points will expire.

1.2 In addition to the training provided in Article 1.1, Boeing will provide to Customer the following training and services:

1.2.1 Flight dispatcher model specific instruction; 2 classes of 6 students;

1.2.2 Performance engineer model specific instruction in Boeing's regularly scheduled courses; schedules are published yearly.

1.2.3 Additional Flight Operations Services:

a. Boeing flight crew personnel to assist in ferrying the first Aircraft to Customer's main base;

b. Instructor pilots for 90 Man Days (as defined in Article 5.4, below) for revenue service training assistance;

c. An instructor pilot to visit Customer 6 months after revenue service training to review Customer's flight crew operations for a 2 week period.

If any part of the training described in this Article 1.2 is not completed by Customer within 24 months after the delivery of the last Aircraft, Boeing will have no obligation to provide such training.

2. Training Schedule and Curricula.

2.1 Customer and Boeing will together conduct planning conferences approximately 12 months before the scheduled delivery month of the first Aircraft of a model to define and schedule the maintenance, flight training and cabin attendant training programs. At the conclusion of each planning conference the parties will document Customer's course selection, training schedule, and, if applicable, Training Point application and remaining Training Point balance.

2.2 Customer may also request training by written notice to Boeing identifying desired courses, dates and locations. Within 15 days of Boeing's receipt of such request Boeing will provide written response to Customer confirming whether the requested courses are available at the times and locations requested by Customer.

3. Location of Training.

3.1 Boeing will conduct all training at any of its or its wholly-owned subsidiaries' training facilities equipped for the model of Aircraft. Customer shall decide on the location or mix of locations for training, subject to space being available in the desired courses at the selected training facility on the dates desired.

3.2 If requested by Customer, Boeing will conduct the classroom portions of the maintenance and flight training (except for the Performance Engineer training courses) at a mutually acceptable alternate training site, subject to the following conditions:

3.2.1 Customer will provide acceptable classroom space, simulators (as necessary for flight training) and training equipment required to present the courses;

3.2.2 Customer will pay Boeing's portal to portal actual expenses for lodging, ground transportation, laundry, baggage handling, communication costs and per diem meal charge for each Boeing instructor for each day, or fraction thereof, that the instructor is away from his home location, including travel time;

3.2.3 Customer will provide, or will reimburse Boeing for the actual costs of round-trip transportation for Boeing's instructors and the shipping costs of training Materials (as defined in Part 3 paragraph 1 of this Supplemental Exhibit CS1), which must be shipped to the alternate training site;

3.2.4 Customer will be responsible for all taxes, fees, duties, licenses, permits and similar expenses incurred by Boeing and its employees as a result of Boeing's providing training at the alternate site or incurred as a result of Boeing providing revenue service training; and

3.2.5 Those portions of training that require the use of training devices not available at the alternate site will be conducted at Boeing's facility or at some other alternate site. Customer will be responsible for additional expenses, if any, which result from the use of such alternate site.

4. Training Materials.

Boeing will provide training Materials will be provided for each student (Training Materials). In addition, if requested by Customer, one complete set of Training Materials will be provided for use in Customer's own training program. Training Materials may be used only for either (i) the individual student's reference during Boeing provided training and for review thereafter or (ii) Customer's provision of training to individuals directly employed by the Customer.

5. Additional Terms and Conditions.

5.1 All training will reflect an airplane configuration defined by (i) Boeing's standard configuration specification for 787 aircraft, (ii) Boeing's standard configuration specification for the minor model of 787 aircraft selected by Customer, and (iii) any Optional Features selected by Customer from Boeing's standard catalog of Optional Features. Upon Customer's request, Boeing may provide training customized to reflect other elements of Customer's Aircraft configuration subject to a mutually acceptable price, schedule, scope of work and other applicable terms and conditions.

5.2 All training will be provided in the English language. If translation is required, Customer will provide interpreters.

5.3 Customer will be responsible for all expenses of Customer's personnel except that in the Puget Sound region of Washington State Boeing will transport Customer's personnel between their local lodgings and Boeing's training facility.

5.4 Boeing flight instructor personnel will not be required to work more than 5 days per week, or more than 8 hours in any one 24-hour period (Man Day), of which not more than 5 hours per 8-hour workday will be spent in actual flying. These foregoing restrictions will not apply to ferry assistance or revenue service training services, which will be governed by FAA rules and regulations.

5.5 Normal Line Maintenance is defined as line maintenance that Boeing might reasonably be expected to furnish for flight crew training at Boeing's facility, and will include ground support and Aircraft storage in the open, but will not include provision of spare parts. Boeing will provide Normal Line Maintenance services for any Aircraft while the Aircraft is used for flight crew training at Boeing's facility in accordance with the Boeing Maintenance Plan (Boeing document D6-82076) and the Repair Station Operation and Inspection Manual (Boeing document D6-25470). Customer will provide such services if flight crew training is conducted elsewhere. Regardless of the location of such training, Customer will be responsible for providing all maintenance items (other than those included in Normal Line Maintenance) required during the training, including, but not limited to, fuel, oil, landing fees and spare parts.

5.6 If the training is based at Boeing's facility and the Aircraft is damaged during such training, Boeing will make all necessary repairs to the Aircraft as promptly as possible. Customer will pay Boeing's reasonable charge, including the price of parts and materials, for making the repairs. If Boeing's estimated labor charge for the repair exceeds \$[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], Boeing and Customer will enter into an agreement for additional services before beginning the repair work.

5.7 If the flight training is based at Boeing's facility, several airports in the surrounding area may be used, at Boeing's option, which shall be identified by Boeing at the flight training planning conference. Unless otherwise agreed in the flight training planning conference, it will be Customer's responsibility to make arrangements for the use of such airports.

5.8 If Boeing agrees to make arrangements on behalf of Customer for the use of airports for flight training, Boeing will pay on Customer's behalf any landing fees charged by any airport used in conjunction with the flight training. At least 30 days before flight training, Customer will provide Boeing an open purchase order against which Boeing will invoice Customer for any landing fees Boeing paid on Customer's behalf. The invoice will be submitted to Customer approximately 60 days after flight training is completed, when all landing fee charges have been received and verified. Customer will pay the invoiced amount to Boeing within 30 days of the date of the invoice.

5.9 If requested by Boeing, in order to provide the flight training or ferry flight assistance, Customer will make available to Boeing an Aircraft after delivery to familiarize Boeing instructor or ferry flight crew personnel with such Aircraft. If flight of the Aircraft is required for any Boeing instructor or ferry flight crew member to maintain an FAA license for flight proficiency or landing currency, Boeing will be responsible for the costs of fuel, oil, landing fees and spare parts attributable to that portion of the flight.

787 CUSTOMER SUPPORT DOCUMENT

PART 2: FIELD AND ENGINEERING SUPPORT SERVICES

1. Field Service Representation.

Boeing will furnish field service representation to advise Customer with respect to the maintenance and operation of the Aircraft (Field Service Representatives).

1.1 Field Service Representatives will be available at or near Customer's main maintenance or engineering facility beginning before the scheduled delivery month of the first Aircraft and ending [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] after delivery of the last Aircraft covered by a specific purchase agreement.

1.2 When a Field Service Representative is positioned at Customer's facility, Customer will provide, at no charge to Boeing, suitable furnished office space and office equipment, including internet capability for electronic access of data, at the location where Boeing is providing Field Service Representatives. As required, Customer will assist each Field Service Representative with visas, work permits, customs, mail handling, identification passes and formal introduction to local airport authorities.

1.3 Boeing's Field Service Representatives are assigned to various airports and other locations around the world. Whenever Customer's Aircraft are operating through any such airport, the services of Boeing's Field Service Representatives are available to Customer.

2. Engineering Support Services.

2.1 Boeing will, if requested by Customer, provide technical advisory assistance from the Seattle area or at a base designated by Customer as appropriate for any Aircraft or Boeing Product (as defined in Part 1 of Exhibit C of the AGTA). Technical advisory assistance provided will include:

2.1.1 Analysis of the information provided by Customer to determine the probable nature and cause of operational problems and suggestion of possible solutions.

2.1.2 Analysis of the information provided by Customer to determine the nature and cause of unsatisfactory schedule reliability and the suggestion of possible solutions.

2.1.3 Analysis of the information provided by Customer to determine the nature and cause of unsatisfactory maintenance costs and the suggestion of possible solutions.

2.1.4 Analysis and commentary on Customer's engineering releases relating to structural repairs not covered by Boeing's Structural Repair Manual including those repairs requiring advanced composite structure design.

2.1.5 Analysis and commentary on Customer's engineering proposals for changes in, or replacement of, systems, parts, accessories or equipment manufactured to Boeing's detailed design. Boeing will not analyze or comment on any major structural change unless Customer's request for such analysis and comment includes complete detailed drawings, substantiating information (including any information required by applicable government agencies), all stress or other appropriate analyses, and a specific statement from Customer of the substance of the review and the response requested.

2.1.6 One (1) evaluation of Customer's technical facilities, tools and equipment for servicing and maintaining 787 aircraft, recommendation of changes where necessary and assistance in the formulation of an initial maintenance plan for the introduction of the first Aircraft into

service.

2.1.7 Assistance with the analysis and preparation of performance data to be used in establishing operating practices and policies for Customer's operation of Aircraft.

2.1.9 Assistance with interpretation of the minimum equipment list, the definition of the configuration deviation list and the analysis of individual Aircraft performance.

2.1.9 Assistance with solving operational problems associated with delivery and route-proving flights.

2.1.10 Information regarding significant service items relating to Aircraft performance or flight operations.

2.1.11 Operations engineering support during the ferry flight of an Aircraft.

2.1.12 Assistance in developing an Extended Twin Operations (ETOPs) plan for regulatory approval.

2.2 Boeing will, if requested by Customer, perform work on an Aircraft after delivery but prior to the initial departure flight or upon the return of the Aircraft to Boeing's facility prior to completion of that flight. The following conditions will apply to Boeing's performance:

2.2.1 Boeing may rely upon the commitment authority of the Customer's personnel requesting the work.

2.2.2 As title and risk of loss has passed to Customer, the insurance provisions of Article 8.2 of the AGTA apply.

2.2.3 The provisions of the Boeing Warranty in Part 2 of Exhibit C of the AGTA apply.

2.2.4 Customer will pay Boeing for requested work not covered by the Boeing Warranty, if any.

2.2.5 The DISCLAIMER AND RELEASE and EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 and Article 3.8 of Part 6 of Exhibit C of the AGTA apply.

2.3 Boeing may, at Customer's request, provide services other than those described in Articles 2.1 and 2.2 of this Supplemental Exhibit CS1 for an Aircraft after delivery, which may include, but not be limited to, retrofit kit changes (kits and/or information), training, flight services, maintenance and repair of Aircraft (Additional Services). Such Additional Services will be subject to a mutually acceptable price, schedule, scope of work and other applicable terms and conditions. The DISCLAIMER AND RELEASE and the EXCLUSION OF CONSEQUENTIAL AND OTHER DAMAGES provisions in Article 11 of Part 2 of Exhibit C of the AGTA and the insurance provisions in Article 8.2 of the AGTA will apply to any such work. Title to and risk of loss of any such Aircraft will always remain with Customer.

787 CUSTOMER SUPPORT DOCUMENT

PART 3: TECHNICAL INFORMATION AND MATERIALS

1. General.

Materials are defined as any and all items that are created by Boeing or a third party, which are provided directly or indirectly from Boeing and serve primarily to contain, convey or embody information. Materials may include either tangible embodiments (for example, documents or drawings), or intangible embodiments (for example, software and other electronic forms) of information but excludes Aircraft Software. Aircraft Software is defined as software that is installed on and used in the operation of the Aircraft.

Customer Information is defined as that data provided by Customer to Boeing which falls into one of the following categories: (i) aircraft operational information (including, but not limited to, flight hours, departures, schedule reliability, engine hours, number of aircraft, aircraft registries, landings, and daily utilization and schedule interruptions for Boeing model aircraft); (ii) summary and detailed shop findings data; (iii) aircraft readiness log data; (iv) non-conformance reports; (v) line maintenance data; (vi) airplane message data, (vii) scheduled maintenance data, and (viii) service bulletin incorporation.

Upon execution by Customer of Boeing's standard form Customer Services General Terms Agreement and Supplemental Agreement for Electronic Access Boeing will provide to Customer through electronic access certain Materials to support the maintenance and operation of the Aircraft. Such Materials will, if applicable, be prepared generally in accordance with Air Transport Association of America (ATA) iSpec 2200, entitled "Specification for Manufacturers" Technical Data." Materials not covered by iSpec 2200 will be provided in a structure suitable for the Material's intended use. Materials will be in English and in the units of measure used by Boeing to manufacture an Aircraft.

2. Materials Planning Conferences.

Customer and Boeing will conduct planning conferences approximately [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] before the scheduled delivery month of the first Aircraft in order to mutually determine (i) the Materials to be furnished to Customer in support of the Aircraft, (ii) the Customer Information to be furnished by Customer to Boeing, (iii) the update cycles of the Materials to be furnished to Customer, (iv) the update cycles of the Customer Information to be furnished to Boeing, (v) any Customer preparations necessary for Customer's transmittal of Customer Information to Boeing, and (vi) any Customer preparations necessary for Customer's electronic access to the Materials.

3. Technical Data and Maintenance Information.

Boeing will provide technical data and maintenance information equivalent to that traditionally provided in the following manuals and documents. The format for this data and information is not yet determined in all cases. Whenever possible Boeing will provide such data and information through electronic access.

a) Flight Operations Information.

Airplane Flight Manual

Operations Manual and Checklist

Planning and Performance Manual

Weight and Balance Manual

Dispatch Deviation Procedures Guide and Master Minimum Equipment List

Flight Crew Training Manual

Fault Reporting Manual
Performance Engineer's Manual
Jet Transport Performance Methods
FMC Supplemental Data Document
Operational Performance Software
ETOPS Guide Vol. III
Flight Planning and Performance Manual

b) Maintenance Information.

Maintenance Manual
Wiring Diagram Manual
Systems Schematics Manual
Structural Repair Manual
Component Maintenance Manual
Standard Overhaul Practices Manual
Standard Wiring Practices Manual
Non-Destructive Test Manual
Service Bulletins and Index
Corrosion Prevention Manual
Fault Isolation Manual
Power Plant Buildup Manual (except Rolls Royce)
In Service Activity Report
All Operators Letters
Service Letters
Structural Item Interim Advisory
Combined Index
Maintenance Tips
Configuration Data Base Generator User Guide
Production Management Data Base
Baggage/Cargo Loading Manual

a. Maintenance Planning.

Maintenance Review Board Report
Maintenance Planning Data Document
Maintenance Task Cards and Index
Maintenance Inspection Intervals Report
ETOPS Guide Vol. II
Configuration Maintenance and Procedures for Extended Range Operations

d) Spares Information.

Illustrated Parts Catalog
Standards Books

e) Airplane & Airport Information.

Facilities and Equipment Planning Document
Special Tool & Ground Handling Equipment Drawings & Index
Supplementary Tooling Documentation
Illustrated Tool and Equipment List/Manual
Aircraft Recovery Document
Airplane Characteristics for Airport Planning Document
Airplane Rescue and Fire Fighting Document

f) Shop Maintenance.

Service Bulletins

Component Maintenance Manuals and Index

Publications Index

Product Support Supplier Directory.

Supplier Product Support and Assurance Agreements

g) Fleet Statistical Data and Reporting.

Fleet Message and Fault Data views, charts, and reports

4. Advance Representative Materials.

Boeing will select all advance representative Materials from available sources and whenever possible will provide them through electronic access. Such advance Materials will be for advance planning purposes only.

5. Customized Materials.

All customized Materials will reflect the configuration of each Aircraft as delivered.

6. Revisions.

6.1 The schedule for updating certain Materials will be identified in the planning conference. Such updates will reflect changes to Materials developed by Boeing.

6.2 If Boeing receives written notice that Customer intends to incorporate, or has incorporated, any Boeing service bulletin in an Aircraft, Boeing will update Materials reflecting the effects of such incorporation into such Aircraft.

7. Supplier Technical Data.

7.1 For supplier-manufactured programmed airborne avionics components and equipment classified as Seller Furnished Equipment (SFE) or Seller Purchased Equipment (SPE) or Buyer Designated Equipment (BDE) which contain computer software designed and developed in accordance with Radio Technical Commission for Aeronautics Document No. RTCA/DO-178 dated January 1982, No. RTCA/DO-178A dated March 1985, or later as available, Boeing will request that each supplier of the components and equipment make software documentation available to Customer.

7.2 The provisions of this Article will not be applicable to items of BFE.

7.3 Boeing will furnish to Customer a document identifying the terms and conditions of the product support agreements between Boeing and its suppliers requiring the suppliers to fulfill Customer's requirements for information and services in support of the Aircraft.

8. Buyer Furnished Equipment Data.

Boeing will incorporate BFE line maintenance information into the customized Materials providing Customer makes the information available to Boeing at least six (6) months prior to the scheduled delivery month of each Aircraft. Boeing will incorporate such BFE line maintenance information into the Materials prior to delivery of each Aircraft reflecting the configuration of that Aircraft as delivered. Upon Customer's request, Boeing may provide update service after delivery to such information subject to the terms of Part 2, Article 2.3 relating to Additional Services. Customer agrees to furnish all BFE line maintenance information in Boeing's standard digital format.

9. Customer's Shipping Address.

From time to time Boeing may furnish certain Materials or updates to Materials by means other than electronic access. Customer will specify a single address and Customer shall promptly notify Boeing of any change to that address. Boeing will pay the reasonable shipping costs of the Materials. Customer is responsible for any customs clearance charges, duties, and taxes.

787 CUSTOMER SUPPORT DOCUMENT

PART 4: ALLEVIATION OR CESSATION OF PERFORMANCE

Boeing will not be required to provide any Materials, services, training or other things at a facility designated by Customer if any of the following conditions exist and those conditions would prevent Boeing from performing its services or make the performance of such services impracticable or inadvisable:

1. a labor stoppage or dispute in progress involving Customer;

2. wars or warlike operations, riots or insurrections in the country where the facility is located;

3. any condition at the facility which, in the opinion of Boeing, is detrimental to the general health, welfare or safety of its personnel or their families;

4. the United States Government refuses permission to Boeing personnel or their families to enter into the country where the facility is located, or recommends that Boeing personnel or their families leave the country; or

5. the United States Government refuses permission to Boeing to deliver Materials, services, training or other things to the country where the facility is located.

After the location of Boeing personnel at the facility, Boeing further reserves the right, upon the occurrence of any of such events, to immediately and without prior notice to Customer relocate its personnel and their families.

787 CUSTOMER SUPPORT DOCUMENT

PART 5: PROTECTION OF PROPRIETARY INFORMATION

AND PROPRIETARY MATERIALS

1. General.

All Materials provided by Boeing to Customer and not covered by a Boeing CSGTA or other agreement between Boeing and Customer defining Customer's right to use and disclose the Materials and included information will be covered by and subject to the terms of the AGTA as amended by the terms of the Purchase Agreement. Title to all Materials containing, conveying or embodying confidential, proprietary or trade secret information (Proprietary Information) belonging to Boeing or a third party (Proprietary Materials), will at all times remain with Boeing or such third party. Customer will treat all Proprietary Materials and all Proprietary Information in confidence and use and disclose the same only as specifically authorized in the AGTA as amended by the terms of the Purchase Agreement, or the CSGTA, and except to the extent required by law.

2. License Grant.

2.1 Boeing grants to Customer a perpetual worldwide, non-exclusive, non-transferable license to use and disclose Proprietary Materials in accordance with the terms and conditions of the AGTA as amended by the terms of the Purchase Agreement. Customer is authorized to make copies of Materials (except for Materials bearing the copyright legend of a third party), and all copies of Proprietary Materials will belong to Boeing and be treated as Proprietary Materials under the AGTA as amended by the terms of the Purchase Agreement. Customer will preserve all proprietary legends, and all copyright notices on all Materials and insure the inclusion of those legends and notices on all copies.

2.2 Customer grants to Boeing a perpetual, world-wide, non-exclusive, non-transferable license to use and disclose Customer Information or derivative works thereof in Boeing data and information products and services provided indicia identifying Customer Information as originating from Customer is removed from such Customer Information.

3. Use of Proprietary Materials and Proprietary Information.

Customer is authorized to use Proprietary Materials and Proprietary Information for the purpose of: (a) operation, maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials and Proprietary Information have been specified by Boeing and (b) development and manufacture of training devices and maintenance tools for use by Customer.

4. Providing of Proprietary Materials to Contractors.

Customer is authorized to provide Proprietary Materials to Customer's contractors for the sole purpose of maintenance, repair, or modification of Customer's Aircraft for which the Proprietary Materials have been specified by Boeing. In addition, Customer may provide Proprietary Materials to Customer's contractors for the sole purpose of developing and manufacturing training devices and maintenance tools for Customer's use. Before providing Proprietary Materials to its contractor, Customer will first obtain a written agreement from the contractor by which the contractor agrees (a) to use the Proprietary Materials only on behalf of Customer, (b) to be bound by all of the restrictions and limitations of this Part 5, and (c) that Boeing is a third party beneficiary under the written agreement. Customer agrees to provide copies of all such written agreements to Boeing upon request. A sample agreement acceptable to Boeing is attached as Appendix VII to the AGTA.

5. Providing of Proprietary Materials and Proprietary Information to Regulatory Agencies.

5.1 When and to the extent required by a government regulatory agency having jurisdiction over Customer or an Aircraft, Customer is authorized to provide Proprietary Materials and to disclose Proprietary Information to the agency for use in connection with Customer's operation, maintenance, repair, or modification of such Aircraft. Customer agrees to take all reasonable steps to prevent the agency from making any distribution, disclosure, or additional use of the Proprietary Materials and Proprietary Information provided or disclosed. Customer further agrees to notify Boeing immediately upon learning of any (a) distribution, disclosure, or additional use by the agency, (b) request to the agency for distribution, disclosure, or additional use, or (c) intention on the part of the agency to distribute, disclose, or make additional use of Proprietary Materials or Proprietary Information.

5.2 In the event of an Aircraft or Aircraft systems-related incident, the Customer may suspend, or block access to Customer Information pertaining to its Aircraft or fleet. Such suspension may be for an indefinite period of time.

ENGINE ESCALATION AND

ENGINE WARRANTY

between

THE BOEING COMPANY

and

CONTINENTAL airlines, inc.

Supplemental Exhibit EE1 to Purchase Agreement Number 2484

1. ENGINE ESCALATION.

The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for General Electric Aircraft GENx series engines and all accessories, equipment and parts provided by the engine manufacturer (Engines). The adjustment in Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$P_a = (P)(L + M) - P$$

Where:

P_a = Engine Price Adjustment.

L = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

x (ECI

ECI_b), where ECI_b is the base year index

(as set forth in Table 1 of this Purchase Agreement).

M = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] x [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

where CPI_b is the base year index

(as set forth in Table 1 of this Purchase Agreement).

P = Engine Price per Aircraft (as set forth in Table 1 of this Purchase Agreement).

ECI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], calculated by establishing a three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the month of scheduled delivery of the applicable Aircraft. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the month of scheduled delivery of the applicable Aircraft.

As an example, for an Aircraft scheduled to be delivered in the month of July, the months [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of the preceding year will be utilized in determining the value of ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Note: i. In determining the values of L and M, all calculations and resulting values will be expressed as a decimal rounded to the nearest thousandth.

ii. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the numeric ratio attributed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] in the Engine Price Adjustment formula.

iii. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the numeric ratio attributed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] in the Engine Price Adjustment formula.

iv. The denominators (base year indices) are the actual average values reported by the U.S. Department of Labor, Bureau of Labor Statistics. The actual average values are calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the Engine Price base year. The applicable base year and corresponding denominator is provided by Boeing in Table 1 of this Purchase Agreement.

v. The final value of P_a will be rounded to the nearest dollar.

vi. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Values to be Used if Bureau of Labor Statistics are [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.2 Notwithstanding Article 2.1 above, if prior to the scheduled delivery month of an Aircraft the Bureau of Labor Statistics changes the base year for determination of the ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values as defined above, such re-based values will be incorporated in the Engine Price Adjustment calculation.

2.3 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.4 If within 12 months of Aircraft delivery, the published index values are revised due to an acknowledged error by the Bureau of Labor Statistics, the Engine Price Adjustment will be re-calculated using the revised index values (this does not include those values noted as preliminary by the Bureau of Labor Statistics). A credit memorandum or supplemental invoice will be issued for the Engine Price Adjustment difference. Interest charges will not apply for the period of original invoice to issuance of credit memorandum or supplemental invoice.

Note: i. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to the first day of the scheduled delivery month of an Aircraft will be used to determine the ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH

THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Engine Price Adjustment for the Aircraft invoice at the time of delivery. The values will be considered final and no Engine Price Adjustments will be made after Aircraft delivery for any subsequent changes in published Index values, subject always to paragraph 2.4 above.

ii. The maximum number of digits to the right of the decimal after rounding utilized in any part of the Engine Price Adjustment equation will be 4, where rounding of the fourth digit will be increased to the next highest digit when the 5th digit is equal to 5 or greater.

3. Engine Warranty.

Boeing has obtained from General Electric Company (GE) the right to extend to Customer the provisions of GE's warranty as set forth below (herein referred to as the "Warranty"); subject, however, to Customer's acceptance of the conditions set forth herein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of GE's Warranty as hereinafter set forth, and such Warranty shall apply to all GENx type engines (including all Modules and Parts thereof), as such terms are defined in the Warranty. (GENx type Engines) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and GE have executed, or hereinafter execute, a general terms agreement (Engine GTA), then the terms of the Engine GTA shall be substituted for and supersede the provisions of the Warranty and the Warranty shall be of no force or effect and neither Boeing nor GE shall have any obligation arising therefrom. In consideration for Boeing's extension of the GE Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such GENx type Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

The Warranty is contained in the Warranty and Product Support Plan set forth in Exhibit C to the applicable purchase contract between GE and Boeing. Copies of the Warranty and Product Support Plan shall be provided to Customer by Boeing upon request.

ENGINE ESCALATION AND

ENGINE WARRANTY

between

THE BOEING COMPANY

and

CONTINENTAL airlines, inc.

Supplemental Exhibit EE1 to Purchase Agreement Number 2484

1. ENGINE ESCALATION.

The Aircraft Basic Price of each Aircraft set forth in Table 1 of the Purchase Agreement includes an aggregate price for Rolls-Royce plc Trent 1000 series engines and all accessories, equipment and parts provided by the engine manufacturer (Engines). The adjustment in Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$P_a = (P) \cdot (L + M) - P$$

Where:

$$P_a = \text{Engine Price Adjustment.}$$

L = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

x (ECI

ECI_b) where ECI_b is the base year index

(as set forth in Table 1 of this Purchase Agreement).

M = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] x [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

where CPI_b is the base year index

(as set forth in Table 1 of this Purchase Agreement)

P = Engine Price per Aircraft (as set forth in Table 1 of this Purchase Agreement).

ECI is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], calculated by establishing a three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the month of scheduled delivery of the applicable Aircraft. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is a value determined using the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the month of scheduled delivery of the applicable Aircraft.

As an example, for an Aircraft scheduled to be delivered in the month of July, the months [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of the preceding year will be utilized in determining the value of ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Note: i. In determining the values of L and M, all calculations and resulting values will be expressed as a decimal rounded to the nearest thousandth.

ii. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the numeric ratio attributed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] in the Engine Price Adjustment formula.

iii. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is the numeric ratio attributed to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] in the Engine Price Adjustment formula.

iv. The denominators (base year indices) are the actual average values reported by the U.S. Department of Labor, Bureau of Labor Statistics. The actual average values are calculated as a 3-month arithmetic average of the released monthly values (expressed as a decimal and rounded to the nearest tenth) using the values for the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the Engine Price base year. The applicable base year and corresponding denominator is provided by Boeing in Table 1 of this Purchase Agreement.

v. The final value of P_a will be rounded to the nearest dollar.

vi. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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2. Values to be Used if Bureau of Labor Statistics are [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.1 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.2 Notwithstanding Article 2.1 above, if prior to the scheduled delivery month of an Aircraft the Bureau of Labor Statistics changes the base year for determination of the ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values as defined above, such re-based values will be incorporated in the Engine Price Adjustment calculation.

2.3 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.4 If within 12 months of Aircraft delivery, the published index values are revised due to an acknowledged error by the Bureau of Labor Statistics, the Engine Price Adjustment will be re-calculated using the revised index values (this does not include those values noted as preliminary by the Bureau of Labor Statistics). A credit memorandum or supplemental invoice will be issued for the Engine Price Adjustment difference. Interest charges will not apply for the period of original invoice to issuance of credit memorandum or supplemental invoice.

Note: i. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to the first day of the scheduled delivery month of an Aircraft will be used to determine the ECI and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Engine Price Adjustment for the Aircraft invoice at the time of delivery. The values will be considered final and no Engine Price Adjustments will be made after Aircraft delivery for any subsequent changes in published Index values, subject always to paragraph 2.4 above.

ii. The maximum number of digits to the right of the decimal after rounding utilized in any part of the Engine Price Adjustment equation will be 4, where rounding of the fourth digit will be increased to the next highest digit when the 5th digit is equal to 5 or greater.

3. Engine Warranty.

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Boeing has obtained from Rolls-Royce plc the right to extend to Customer the provisions of Rolls-Royce plc's warranty agreement (herein referred to as the "Warranty"); subject, however, to Customer's acceptance of the conditions set forth therein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of the Warranty, and such Warranty shall apply to all Trent 1000 type engine(s), including all Modules and Parts thereof as such terms are defined in the Warranty, installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft (Engine(s)) except that, if Customer and Rolls-Royce plc have executed an Engine general terms agreement (Engine GTA), then the terms of that Engine GTA shall be substituted for and supersede the provisions of the Warranty and the Warranty shall be of no force or effect and neither Boeing nor Rolls-Royce plc shall have any obligation arising therefrom. In consideration for Boeing's extension of the Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities. In addition, Customer hereby releases and discharges Rolls-Royce plc from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such Engine(s) except as otherwise expressly assumed by Rolls-Royce plc in such Warranty or Engine GTA between Customer and Rolls-Royce plc and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

The Rolls-Royce plc Warranty is set forth in Exhibit C to the applicable Engine purchase contract between Rolls-Royce plc and Boeing. Copies of the Rolls-Royce plc Warranty shall be provided to Customer by Boeing upon request.

SERVICE LIFE POLICY COMPONENTS

between
THE BOEING COMPANY
and
CONTINENTAL airlines, inc.

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Supplemental Exhibit SLP1 to Purchase Agreement Number 2484

COVERED SERVICE LIFE COMPONENTS

relating to
BOEING MODEL 787 AIRCRAFT

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This is the listing of Covered Components for the Aircraft which relate to Part 3, Boeing Service Life Policy of Exhibit C, Product Assurance Document to the AGTA and is a part of Purchase Agreement No. 2484.

1. Wing.

- (a) Upper and lower wing skins and stiffeners between the forward and rear wing spars.
- (b) Wing spar webs, chords and stiffeners.
- (c) Inspar wing ribs.
- (d) Inspar splice plates and fittings.
- (e) Upper wing fold hinge, end ribs and lower latch lugs.
- (f) Main landing gear support structure.
- (g) Wing center section lower beams, spanwise beams and floor beams, but not the seat tracks attached to the beams.
- (h) Wing-to-body structural attachments.
- (i) Engine strut support fittings attached directly to wing primary structure.
- (j) Support structure in the wing for spoilers and spoiler actuators; for aileron hinges and reaction links; and for leading edge devices and trailing edge flaps.
- (k) Leading edge device and trailing edge flap support system.
- (l) Aileron leading edge device and trailing edge flap internal, fixed attachment and actuator support structure.
- (m) Winglets.

2. Body.

- (a) External surface skins and doublers, longitudinal stiffeners, longerons and circumferential rings and frames between the forward pressure bulkhead and the vertical stabilizer rear spar bulkhead, and structural support and enclosure for the APU but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (b) Window and windshield structure but excluding the windows and windshields.
- (c) Fixed attachment structure of the passenger doors, cargo doors and emergency exits, excluding door mechanisms and movable hinge components. Sills and frames around the body openings for the passenger doors, cargo doors and emergency exits, excluding scuff plates and pressure seals.
- (d) Nose wheel well structure, including the wheel well walls, pressure deck, forward and aft bulkheads, and the gear support structure.
- (e) Main gear wheel well structure including pressure deck, bulkheads and landing gear beam support structure.
- (f) Floor beams and support posts in the control cab and passenger cabin area, but excluding seat tracks.
- (g) Forward and aft pressure bulkheads.
- (h) Keel structure between the wing front spar bulkhead and the main gear wheel well aft bulkhead, including splices.
- (i) Wing front and rear spar support bulkheads, and vertical and horizontal stabilizer front and rear spar support bulkheads including terminal fittings but excluding all system components and related installation and connecting devices, insulation, lining, and decorative panels and related installation and connecting devices.
- (j) Support structure in the body for the stabilizer pivot and stabilizer screw.

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3. Vertical Stabilizer.

- (a) External skins between front and rear spars.
- (b) Front and rear spars including stiffeners.
- (c) Attachment fittings between vertical stabilizer and body.
- (d) Inspar ribs.

(e) Support structure in the vertical stabilizer for rudder hinges, reaction links and actuators.

(f) Rudder internal, fixed attachment and actuator support structure.

(g) Rudder hinges and supporting ribs, excluding bearings.

4. Horizontal Stabilizer.

(a) External skins between front and rear spars.

(b) Front and rear spars including splices and stiffeners.

(c) Inspar ribs.

(d) Stabilizer splice fittings and pivot and screw support structure.

(e) Support structure in the horizontal stabilizer for the elevator hinges, reaction links and actuators.

(f) Elevator internal, fixed attachment and actuator support structure.

(g) Elevator hinges and supporting ribs, excluding bearings.

5. Engine Strut.

(a) Strut external surface skin and doublers and stiffeners.

(b) Internal strut chords, frames and bulkheads.

(c) Strut to wing fittings and diagonal brace.

(d) Engine mount support fittings attached directly to strut structure.

6. Main Landing Gear.

(a) Outer cylinder.

(b) Inner cylinder.

(c) Upper and lower side strut, including spindles and universals.

(d) Upper and lower drag strut, including spindles and universals.

(e) Orifice support tube.

(f) Downlock links including spindles and universals.

(g) Torsion links.

(h) Bogie beam.

(i) Axles.

7. Nose Landing Gear.

(a) Outer cylinder.

(b) Inner cylinder, including axles.

(c) Orifice support tube.

(d) Upper and lower drag strut, including lock links.

(e) Steering plates and steering collar.

(f) Torsion links.

(g) Actuator support beam and hanger.

NOTE: The Service Life Policy does not cover any bearings, bolts, bushings, clamps, brackets, actuating mechanisms or latching mechanisms used in or on the Covered Components.

June 30, 2005

6-1162-MSA-546R1

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Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

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Subject: Open Configuration Matters

Reference: Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MSA-546 dated December 29, 2004.

1. Aircraft Configuration.

Due to the developing design of the 787 Aircraft and the long period of time between the Purchase Agreement signing and delivery of Customer's first Aircraft, the configuration of Customer's Aircraft has not yet been defined. The parties agree to complete defining the configuration of the Aircraft no later than [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], using the configuration elements defined in 787 Airplane Description and Selections Document Number 787B1-0227, which includes available Optional Features for selection (Configuration).

2. Effect on Purchase Agreement.

By [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], Boeing will provide Customer a written amendment to the Purchase Agreement reflecting the Configuration, including, without limitation, the effects of the Configuration on those portions of the Purchase Agreement described in Articles 2.1 through 2.4, below. In advance of the final Configuration by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], the parties agree to the following advanced configuration releases:

- o Preliminary Configuration - LOPA YS5509 dated 10/4/04, used to define a preliminary Performance Guarantees release (reference Article 2.3 below). This has been completed per Supplemental Agreement 1 of the Purchase Agreement.
- o Interim Configuration - to be released by September 2006, used to define the final Performance Guarantees release (reference Article 2.3 below) and update the pricing (reference Article 2.4 below).

2.1 Exhibit A. The Configuration will be incorporated into Exhibit A of the Purchase Agreement.

2.2 Basic Specification. Changes applicable to the basic Model 787 aircraft which are developed by Boeing between the date of signing of the Purchase Agreement and completion of the Configuration will be incorporated into Exhibit A of the Purchase Agreement.

2.3 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Boeing will provide to Customer revisions to Letter Agreement 6-1162-MSA-551, [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to reflect the effects of the Configuration, if any, on [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.4 Price Adjustments. The Aircraft Basic Price and Advance Payment Base Price of each Aircraft set forth on Table 1 to the Purchase Agreement is based in part on an estimate of the value of the Optional Features and any related Seller Purchased Equipment. The Aircraft Basic Price and the Advance Payment Base Price of each Aircraft will be adjusted as required and agreed by the parties in a supplemental agreement to the Purchase Agreement to reflect the difference between such estimate and the actual price of such elements of the Configuration.

3. Other Letter Agreements.

Boeing and Customer acknowledge that as the definition of the Aircraft progresses, there will be a need to execute letter agreements addressing one or more of the following subjects:

3.1 Customer Software. Additional provisions relating to the loading of software owned by or licensed to Customer on the Aircraft at delivery.

3.2 Installation of Cabin Systems Equipment. Additional provisions relating to the terms on which Boeing will offer and install in-flight entertainment systems and cabin communications systems in the Aircraft.

3.3 Buyer Furnished Equipment (BFE) and Seller Purchased Equipment (SPE). Provisions relating to the terms on which Boeing may offer or install BFE and SPE in the Aircraft.

3.4 Connexion by Boeing. Provisions relating to the terms under which Boeing may offer or install Connexion by Boeing in the Aircraft.

Very truly yours,

THE BOEING COMPANY

By /s/ Michael S. Anderson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

June 30, 2005

6-1162-MSA-547

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Continental Airlines, Inc.

1600 Smith Street

Houston, TX 77002

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Subject: Option Aircraft

Reference: Purchase Agreement 2484 (the Purchase Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

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Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Boeing agrees to manufacture and sell to Customer up to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] additional Model 787-8 aircraft as Option Aircraft. The delivery months, number of aircraft, Advance Payment Base Price per aircraft and advance payment schedule are listed in the Attachment to this Letter Agreement (the Attachment).

1. Aircraft Description and Changes

1.1 Aircraft Description: The Option Aircraft are described by the Detail Specification listed in the Attachment, and subject to the items in section 1.2 below.

1.2 Changes: The Detail Specification will be revised to include:

- (i) Changes applicable to the basic Model 787 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of the definitive agreement to purchase the Option Aircraft;
- (ii) Changes required to obtain required regulatory certificates; and
- (iii) Changes mutually agreed upon.

2. Price

2.1 The pricing elements of the Option Aircraft are listed in the Attachment. NOTE - as engine selection is still pending, page 1 of Attachment represents pricing with [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] engines and page 2 represents pricing with [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] engines.

2.2 Price Adjustments.

2.2.1 Optional Features. The Optional Features Prices selected for the Option Aircraft will be adjusted to Boeing's current prices as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.2 Escalation Adjustments. The Airframe Price and the Optional Features Prices for Option Aircraft delivering before [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], will be escalated on the same basis as the Aircraft, and will be adjusted to Boeing's then-current escalation provisions as of the date of execution of the definitive agreement for the Option Aircraft.

The engine manufacturer's current escalation provisions, listed in Exhibit Supplement EE1 to the Purchase Agreement, have been estimated to the months of scheduled delivery using commercial forecasts to calculate the Advance Payment Base Price listed in the Attachment to this Letter Agreement. The engine escalation provisions will be revised if they are changed by the engine manufacturer prior to the signing of a definitive agreement for the Option Aircraft.

2.2.3 Base Price Adjustments. The Airframe Price and the Engine Price of the Option Aircraft delivering before [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], will be adjusted to Boeing's and the engine manufacturer's then current prices as of the date of execution of the definitive agreement for the Option Aircraft.

3. Payment.

3.1 Customer will pay a deposit to Boeing in the amount shown in the Attachment for each Option Aircraft (Option Deposit), on the date of this Letter Agreement. If Customer exercises an option, the Option Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Option Deposit for that Option Aircraft.

3.2 If Customer exercises its option to acquire an Option Aircraft, advance payments in the amounts and at the times listed in the Attachment will be payable for that Option Aircraft. The remainder of the Aircraft Price for that Option Aircraft will be paid at the time of delivery.

4. Option Exercise.

Customer may exercise an option to acquire an Option Aircraft by giving written notice to Boeing on or before the date [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the first business day of the applicable delivery month listed in the Attachment (Option Exercise Date).

5. Contract Terms.

Boeing and Customer will use their best efforts to reach a definitive agreement for the purchase of an Option Aircraft, including the terms and conditions contained in this Letter Agreement, in the Purchase Agreement, and other terms and conditions as may be agreed upon to add the Option Aircraft to the Purchase Agreement as an Aircraft. If the parties have not entered into a definitive agreement within 30 days following option exercise, either party may terminate the purchase of such Option Aircraft by giving written notice to the other within 5 days. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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Very truly yours,

THE BOEING COMPANY

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By /s/ Michael S. Anderson

Its Attorney-In-Fact

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ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

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By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

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Attachment

Attachment to

Option Aircraft Letter Agreement 6-1162-MSA-547

Option Aircraft Delivery, Description, Price and Advance Payments

(787-8 / [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] / 2004 \$s [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT])

June 30, 2005

6-1162-MSA-549

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Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

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Subject: Spare Parts Initial Provisioning

Reference: a) Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

-
b) Customer Services General Terms Agreement No. 24-1 (CSGTA) between Boeing and Customer

Ladies and Gentlemen:

This letter agreement (Letter Agreement) is entered into on the date below and amends and supplements the CSGTA. All capitalized terms used but not defined in this Letter Agreement have the same meaning as in the CSGTA, except for "Aircraft" which will have the meaning as defined in the Purchase Agreement.

In order to define the process by which Boeing and Customer will (i) identify those Spare Parts and Standards critical to Customer's successful introduction of the Aircraft into service and its continued operation, (ii) place Orders under the provisions of the CSGTA as supplemented by the provisions of this Letter Agreement for those Spare Parts and Standards, and (iii) manage the return of certain of those Spare Parts which Customer does not use, the parties agree as follows.

1. Definitions.

"Provisioning Data" means the documentation provided by Boeing to Customer, including but not limited to the Recommended Spare Parts List (RSPL), identifying all Boeing initial provisioning requirements for the Aircraft.

"Provisioning Items" means the Spare Parts and Standards identified by Boeing as initial provisioning requirements in support of the Aircraft, excluding special tools, ground support equipment (GSE), quick engine change (QEC) kits, engines and engine parts.

"Provisioning Products Guide" means the Boeing Manual D6-81834 entitled "Spares Provisioning Products Guide".

2. Phased Provisioning.

2.1 Provisioning Products Guide. Prior to the initial provisioning meeting Boeing will furnish to Customer a copy of the Provisioning Products Guide.

2.2 Initial Provisioning Meeting. On or about twelve (12) months prior to delivery of the first Aircraft the parties will conduct an initial provisioning meeting where the procedures, schedules, and requirements for training will be established to accomplish phased provisioning of Spare Parts and Standards for the Aircraft in accordance with the Provisioning Products Guide. If the lead time from execution of the Purchase Agreement until delivery of the first Aircraft is less than twelve (12) months, the initial provisioning meeting will be established as soon as reasonably possible after execution of the Purchase Agreement.

2.3 Provisioning Data. During the initial provisioning meeting Customer will provide to Boeing the operational parameter information described in Chapter 6 of the Provisioning Products Guide. After review and acceptance by Boeing of such Customer information, Boeing will prepare the Provisioning Data. Such Provisioning Data will be furnished to Customer on or about ninety (90) days after Boeing finalizes the engineering drawings for the Aircraft. The Provisioning Data will be as complete as possible and will cover Provisioning Items selected by Boeing for review by Customer for initial provisioning of Spare Parts and Standards for the Aircraft. Boeing will furnish to Customer revisions to the Provisioning Data until approximately ninety (90) days following delivery of the last Aircraft or until the delivery configuration of each of the Aircraft is reflected in the Provisioning Data, whichever is later.

2.4 Buyer Furnished Equipment (BFE) Provisioning Data.

Not applicable on 787 program.

3. Purchase from Boeing of Spare Parts and Standards as Initial Provisioning for the Aircraft.

3.1 Schedule. In accordance with schedules established during the initial provisioning meeting, Customer may place Orders for Provisioning Items and any GSE, special tools, QEC kits, or engine spare parts which Customer determines it will initially require for maintenance, overhaul and servicing of the Aircraft and/or engines.

3.2 Prices of Initial Provisioning Spare Parts.

3.2.1 Boeing Spare Parts. The Provisioning Data will set forth the prices for those Provisioning Items other than items listed in Article 3.3, below, that are Boeing Spare Parts, and such prices will be firm and remain in effect for [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] days from the date the price is first quoted to Customer in the Provisioning Data.

3.2.2 Supplier Spare Parts. Boeing will provide estimated prices in the Provisioning Data for Provisioning Items other than items listed in Article 3.3, below, that are Supplier Spare Parts. The price to Customer for any Supplier Spare Parts that are Provisioning Items or for any items ordered for initial provisioning of GSE, special tools manufactured by suppliers, QEC kits, or engine spare parts will be [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of the supplier's list price for such items. Customer shall not be prohibited, either directly or indirectly, from purchasing Supplier Spare Parts directly from such suppliers.

3.3 Standards Kits, Raw Material Kits, Bulk Materials Kits and Service Bulletin Kits. In accordance with schedules established during the initial provisioning meeting, Boeing will furnish to Customer a listing of all components which could be included in the Standards kits, raw material kits, bulk materials kits and service bulletin kits which may be purchased by Customer from Boeing. Customer will select, and provide to Boeing its desired content for the kits. Boeing will furnish to Customer as soon as practicable thereafter a statement setting forth a firm price for such kits. Customer may place Orders with Boeing for the kits in accordance with schedules established during the initial provisioning meeting.

4. Delivery.

For Spare Parts and Standards ordered by Customer in accordance with Article 3 of this Letter Agreement, Boeing will, insofar as reasonably possible, deliver to Customer such Spare Parts and Standards on dates reasonably calculated to conform to Customer's anticipated needs in view of the scheduled deliveries of the Aircraft. Customer and Boeing will agree upon the date to begin delivery of the provisioning Spare Parts and Standards ordered in accordance with this Letter Agreement. Where appropriate, Boeing will arrange for shipment of such Spare Parts and Standards which are manufactured by suppliers directly to Customer from the applicable supplier's facility. The routing and method of shipment for initial deliveries and all subsequent deliveries of such Spare Parts and Standards will be as established at the initial provisioning meeting and thereafter by mutual agreement.

5. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.1 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.2 Delivery of Obsolete Spare Parts and Substitutes. Obsolete or unusable Spare Parts returned by Customer pursuant to this Article 5 will be

delivered to Boeing F.O.B. at its Seattle Distribution Center or such other destination as Boeing may reasonably designate. Spare Parts substituted for such returned obsolete or unusable Spare Parts will be delivered to Customer in accordance with the CSGTA. Boeing will pay the freight charges for the shipment from Customer to Boeing of any such obsolete or unusable Spare Part and for the shipment from Boeing to Customer of any such substitute Spare Part.

6. Repurchase of Provisioning Items.

6.1 Obligation to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. During the period commencing [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] year after delivery of the first Aircraft, and ending [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] years after such delivery, Boeing will, upon receipt of Customer's written request and subject to the exceptions in Article 6.2 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6.2 Exceptions. Boeing will not be obligated under Article 6.1 to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] any of the following: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6.3 Notification and Format. Customer will notify Boeing, in writing when Customer desires to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6.4 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6.5 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7. Title and Risk of Loss.

Title and risk of loss of any Spare Parts or Standards delivered to Customer by Boeing in accordance with this Letter Agreement will pass from Boeing to Customer in accordance with the applicable provisions of the CSGTA. Title to and risk of loss of any Spare Parts or Standards returned to Boeing by Customer in accordance with this Letter Agreement will pass to Boeing upon delivery of such Spare Parts or Standards to Boeing in accordance with the provisions of Article 5.2 or Article 6.6, herein, as appropriate.

8. Termination for Excusable Delay.

In the event of termination of the Purchase Agreement pursuant to Article 7 of the AGTA with respect to any Aircraft, such termination will, if Customer so requests by written notice received by Boeing within fifteen (15) days after such termination, also discharge and terminate all obligations and liabilities of the parties as to any Spare Parts or Standards which Customer had ordered pursuant to the provisions of this Letter Agreement as initial provisioning for such Aircraft and which are undelivered on the date Boeing receives such written notice.

9. Order of Precedence.

In the event of any inconsistency between the terms of this Letter Agreement and the terms of any other provisions of the CSGTA, the terms of this Letter Agreement will control.

Very truly yours,

THE BOEING COMPANY

By /s/ Michael S. Anderson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Financial and Treasurer

June 30, 2005

6-1162-MSA-550

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Spare Parts Commitments

Reference: a) Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

b) Customer Services General Terms Agreement No. 24-1 (CSGTA) between Boeing and Customer

Ladies and Gentlemen:

This letter agreement (Letter Agreement) is entered into on the date set forth below, and amends and supplements the CSGTA. All capitalized terms used but not defined in this Letter Agreement have the same meaning as in the CSGTA, except for "Aircraft" which will have the meaning as defined in the Purchase Agreement. Unless otherwise stated all references in this Letter Agreement to Articles refer to the Articles contained in this Letter Agreement. In consideration of Customer's purchase of the Aircraft, the commitments described in this Letter Agreement will continue for as long as Customer owns or operates the Aircraft.

1. Definitions.

1.1 "Customer's Demand Date" means the delivery date specified by Customer in its Order to Boeing for a Spare Part.

1.2 "Customer Hold Time" means the period of time between the date on which Boeing requests a decision, information or act from Customer and the date Customer provides such decision or information or performs such act, which such decision, information or performance of act is necessary for Boeing to continue the spares order action. This includes, but is not limited to time expended (i) waiting for Customer's clarification of missing order data or Customer's approval of Boeing's quote for goods or services, (ii) resolving order discrepancies or technical discrepancies, (iii) obtaining engineering decisions from Customer, (iv) waiting for receipt of a part which has been shipped to a location other than the designated Boeing service center, and (v) resolving any Boeing constraints on processing an

Order due to the status of Customer's credit with Boeing. Should Customer reply to Boeing within four (4) hours of Boeing's request for a decision, information or act, such time shall not be considered Customer Hold Time.

1.3 "Beyond Economic Repair" or "BER" is the term applied to a part whose repair or overhaul cost will exceed [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of Boeing's then current price for a new such replacement part.

1.4 "Order Date" means the date on which an Order is established in accordance with the provisions of the CSGTA.

1.5 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.6 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Delivery Commitment for New Spare Parts.

2.1 Boeing will deliver in accordance with the provisions of the CSGTA within the lead times specified below, Boeing Spare Parts other than (i) Boeing Spare Parts ordered as part of Customer's initial provisioning for an aircraft or (ii) kits; provided that such Boeing Spare Parts are Ordered after either October 1, 2005, or the execution of this Letter Agreement, whichever is later, and is offerable by Boeing for an aircraft model in production on the Order Date (Continuous Production).

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. Remedies Regarding Delivery.

3.1 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.2 If as a result of an action described in Article 3.1, Boeing provides to Customer the applicable Boeing Spare Part within the commitment period described in Article 2.1 or provides reimbursement in accordance with Article 3.1.3, and, in either case, thereafter completes the Order as soon as such Boeing Spare Part is available for shipment, Boeing shall be deemed to have satisfied the commitments described in Article 2.1.

3.3 Subject to the limitations described in Article 3.4, if Boeing does not satisfy the requirements of Article 2.1 through one or more of the actions described in Article 3.1, Boeing will [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.4 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.5 The remedies described in this Article 3 are Customer's exclusive remedies for Boeing's failure to comply with the provisions of Articles 2.1 and are in lieu of all other damages, claims and remedies of Customer arising at law or otherwise for any failure to meet Customer's delivery requirements. Customer hereby waives and renounces all other claims and remedies arising at law or otherwise for any such failure to meet Customer's delivery requirements.

4. Spare Part Price Escalation.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. Spare Part Price Formula.

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5.1 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5.2. If the Bureau of Labor Statistics substantially revises the methodology used for the determination of the values to be used to determine the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Spares Adjusted Price, Boeing will select a substitute from other Bureau of Labor Statistics data or similar data reported by non-governmental organizations. Such substitute will result in the same adjustment, insofar as possible, as would have been calculated utilizing the original values adjusted for fluctuation during the applicable time period.

5.3 Any rounding of a number, as required under this Article 5 will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next highest number.

6. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7. Remedies Regarding Processing Time.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. Substitution for Obsolete Spare Parts.

After delivery of the first Aircraft, if any unused and undamaged Spare Part purchased by Customer from Boeing for the Aircraft, or other aircraft in Customer's fleet of the same model type, is rendered obsolete and unusable due to a Boeing initiated change that results in a redesign of the Aircraft or any accessory, equipment or part thereof, (other than a redesign at Customer's request), Boeing will make available to Customer a replacement part at the detail part level on a no charge substitution basis provided Customer requests such substitution from Boeing in writing within [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of delivery of the affected Spare Part to Customer.

9. Order of Precedence.

In the event of any inconsistency between the terms of this Letter Agreement and the terms of any other provisions of the CSGTA, the terms of this Letter Agreement shall control.

Very truly yours,

THE BOEING COMPANY

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By /s/ Michael S. Anderson

Its Attorney-In-Fact

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ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

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By /s/ Gerald Laderman

Its Senior Vice President - Financial and Treasurer

June 30, 2005

6-1162-MSA-551

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Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

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Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Reference: Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, are considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

Very truly yours,

THE BOEING COMPANY

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-
By /s/ Michael S. Anderson

Its Attorney-In-Fact

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ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

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By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Attachment to Letter Agreement

No. 6-1162-MSA-551

Page 1

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

June 30, 2005

6-1162-MSA-552R1

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Special Matters

Reference: Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MSA-552 dated December 29, 2004. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. Initial [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Option Aircraft [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

5. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

7. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

8. Aircraft Invoices.

Upon Customer request, at the time of Aircraft delivery Boeing agrees to provide a separate invoice addressed to the owner/trustee of such Aircraft specifying the dollar amount to be received at the time of delivery. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

9. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

10. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

11. Confidential Treatment.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, are considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

-
Very truly yours,

THE BOEING COMPANY

-
By /s/ Michael S. Anderson

Its Attorney-In-Fact

-
ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

-
By /s/ Gerald Laderman

Its Senior Vice President - Financial and Treasurer

June 30, 2005

6-1162-MSA-553R1

-
Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

-
Subject: Open Matters

Reference: Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MSA-553 dated December 29, 2004. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Boeing and Customer agree that at execution of the Purchase Agreement certain terms remain open. This Letter Agreement defines the terms for closure of such open terms.

1. Open Documents.

As of its date of execution, the Purchase Agreement contains certain Exhibits, Supplemental Exhibits and Letter Agreements (collectively, the "Additional Documents") that remain subject to negotiation, as described below. Consistent with the parties' long history of course of business dealings, Boeing and Customer agree to negotiate these documents in good faith with the target to execute such documents by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] unless otherwise as noted below. To the extent the Additional Documents are not executed or any of the conditions described below or other contracting conditions that arise specific to the 787 Aircraft prior to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] are not satisfied by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] (or such earlier date as may be specified below), unless otherwise as noted below, Section 2 of this Letter Agreement shall apply. The Additional Documents include the following:

1.1 Exhibit A - Aircraft Configuration

As defined in Exhibit A, at execution of the Purchase Agreement, Customer's Aircraft configuration has not been fully defined. Per Open Configuration Matters Letter Agreement 6-1162-MSA-546 paragraph 1, Aircraft configuration is to be completed no later than 36 months prior to delivery of first Aircraft.

Item closed - Open Configuration Matters Letter Agreement 6-1162-MSA-546R1 has defined a phased configuration release, and such Letter Agreement is the contractual accounting for closure of Exhibit A; it is not necessary to track this effort in this Open Matters Letter Agreement.

1.2 Exhibit B - Aircraft Delivery Requirements and Responsibilities

Exhibit B - Aircraft Delivery Requirements and Responsibilities shall be defined as the parties mutually agree to.

Item closed - per Supplemental Agreement No. 1 of the Purchase Agreement this documented was defined.

1.3 Supplemental Exhibit AE1 - Escalation Adjustment/Airframe and Optional Features

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Item closed - per Supplemental Agreement No. 1 of the Purchase Agreement this

documented was defined with the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] escalation formula.

1.4 Supplemental Exhibit CS1 - Customer Support Document

Among other things, this Supplemental Exhibit shall contain such provisions relating to technical, training, maintenance and operational support as the parties shall agree to.

Item closed - per Supplemental Agreement No. 1 of the Purchase Agreement this documented was defined.

1.5 Supplemental Exhibit EE1 - Engine Escalation/Engine Warranty and Patent Indemnity.

The Aircraft is offered to Customer powered by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. Customer shall notify Boeing by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of its engine selection. Supplemental Exhibit EE1 will be finalized by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] based on such engine selection. If no engine selection is made by Customer, Section 2 below shall apply. The engine price will be subject to escalation on the same terms and conditions as are applicable to the airframe; provided that nothing herein shall limit any separate agreement Customer may enter into with the engine manufacturer.

Item closed - Customer engine selection remains open. EE1 will be release with two versions, one for [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and one for [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] type engines. Alternate Engine Selection Letter Agreement 6-1162-MSA-609 is the contractual accounting for closure of engine selection; it is not necessary to track this effort in this Open Matters Letter Agreement.

1.6 Supplemental Exhibit SLP1 - Service Life Policy Components

Supplemental Exhibit SLP1 - Service Life Policy Components shall be defined as the parties mutually agree to.

Item closed - per Supplemental Agreement No. 1 of the Purchase Agreement this documented was defined.

1.7 Letter Agreement 6-1162-MSA-549 - Spares Initial Provisioning

Letter Agreement 6-1162-MSA-549 - Spares Initial Provisioning shall be defined as the parties mutually agree to.

Item closed - per Supplemental Agreement No. 1 of the Purchase Agreement this documented was defined.

1.8 Letter Agreement 6-1162-MSA-551 - [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

At execution of the Purchase Agreement, Customer's Aircraft configuration has not been fully defined. For reference purposes Boeing has provided Customer the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.9 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

1.10 Letter Agreement 6-1162-MSA-555 - Promotional Support

Letter Agreement 6-1162-MSA-555 - Promotional Support shall be defined as the parties mutually agree to.

Item closed - per Supplemental Agreement No. 1 of the Purchase Agreement this documented was defined.

1.11 Product Assurance Document Differences

[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Parties' Inability to Resolve Open Matters and Additional Conditions.

If (a) Boeing and Customer do not reach agreement on the provisions described in section 1, above on or before [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], or (b) Customer's Board of Directors does not approve the transaction contemplated by this Purchase Agreement on or before [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], or (c) Customer has not made an engine selection on or before [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] then, unless otherwise mutually agreed, neither party will have any further obligations under this Purchase Agreement 2484.

Parties mutually agreed to extend the date to June 30, 2005.

The parties have reached agreement as of June 30, 2005, thus this Article 2 is not applicable. Regarding item (c) engine selection remains open, but Customer has agreed such selection is not required to finalize its 787 Purchase Agreement with Boeing.

3. Parties' Ability to Resolve Open Matters and Additional Conditions.

3.1 If all of the conditions described in Section 1 are resolved on or prior to the relevant dates set forth therein, Customer shall have the option (but not the obligation) to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. If Customer exercises its option under the preceding sentence, Customer shall provide written notice to Boeing prior to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] of Customer's election to do so, and Boeing and Customer will mutually agree to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Parties mutually agreed to extend the date to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Item closed - Customer did not choose option [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.2 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

3.3 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

4. Confidential Treatment.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, is considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

-
Very truly yours,

THE BOEING COMPANY

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-
By /s/ Michael S. Anderson

Its Attorney-In-Fact

-
ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

-
-
By Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Attachments

June 30, 2005

6-1162-MSA-554

-
Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

-
Subject: [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Reference: Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

1. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2. Confidential Treatment.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, is considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

-
Very truly yours,

THE BOEING COMPANY

-
-
By /s/ Michael S. Anderson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Financial and Treasurer

Attachment

June 30, 2005

6-1162-MSA-555

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Promotional Support

Reference: a) Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

This letter agreement (Letter Agreement) amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

In support of Customer's marketing and promotion programs associated with the launch of the Model 787 and introduction of the Aircraft into service, Boeing agrees to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. These programs may include marketing research; tourism development; corporate identity; direct marketing; video tape, or still photography; planning, design and production of collateral materials; management of promotion programs and advertising campaigns.

Boeing's obligation to provide [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

Following the execution of this Letter Agreement, a Boeing Airline Marketing Services representative will meet with Customer's designated representative to discuss the extent, selection, scheduling, and [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] for the program.

Customer understands that certain commercial and financial information contained in this Letter Agreement is considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity.

Very truly yours,

THE BOEING COMPANY

By /s/ Michael S. Anderson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Financial and Treasurer

June 30, 2005

-
-
Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

-
Subject: Alternate Engine Selection

Reference: Purchase Agreement No. 2484 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 787-8 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used and not defined in this Letter Agreement have the same meaning as in the Purchase Agreement.

Customer has requested and Boeing has agreed that Customer may delay the selection of engines for the Aircraft beyond the signing date of the Purchase Agreement. The engine model and prices shown in Table 1 to the Purchase Agreement, Supplemental Exhibit EE1 to the Purchase Agreement and the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] include pertinent information for both the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] engine types...

Customer shall notify Boeing of Customer's final engine selection [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], and Boeing and Customer shall execute a Supplemental Agreement to the Purchase Agreement conforming Table 1, Supplemental Exhibit EE1 and the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] to Customer's engine selection.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, are considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

Very truly yours,

THE BOEING COMPANY

-
-
By /s/ Michael S. Anderson

Its Attorney-In-Fact

-
ACCEPTED AND AGREED TO this

Date: June 30, 2005

CONTINENTAL AIRLINES, INC.

-
-
By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

AMENDMENT No. 32 TO PURCHASE AGREEMENT No. GPJ-003/96

This Amendment No. 32 ("Amendment 32") dated as of May 31, 2005 is between EMBRAER - Empresa Brasileira de Aeronáutica S.A. ("EMBRAER") and ExpressJet Airlines, Inc., formerly known as New ExpressJet Airlines, Inc. (as assignee from ExpressJet Airlines, Inc. formerly known as Continental Express, Inc.) ("BUYER"), collectively hereinafter referred to as the "PARTIES", and relates to Purchase Agreement No. GPJ-003/96, as amended from time to time together with its Attachments (collectively referred to as the "Base Agreement") and Letter Agreements GPJ-004/96 dated August 5, 1996 and PCJ-004A/96 dated August 31, 1996 between EMBRAER and BUYER as amended from time to time (together with the Base Agreement, collectively referred to herein as the "Purchase Agreement" or the "Agreement") for the purchase of up to two hundred and forty five (245) new EMB-145 aircraft (the "AIRCRAFT").

All terms defined in the Purchase Agreement shall have the same meaning when used herein, and in case of any conflict between this Amendment 32 and the Purchase Agreement, this Amendment shall control.

WHEREAS, BUYER and EMBRAER wish to amend the Purchase Agreement to (a) include changes in the configuration of the AIRCRAFT and (b) reschedule the delivery months for Reconfirmation AIRCRAFT, all as more fully set forth below;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are acknowledged by the PARTIES, EMBRAER and BUYER hereby agree to amend the Purchase Agreement as follows:

1. Removal of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Each EMB 145 XR AIRCRAFT from XR072 and all subsequent EMB 145 XR AIRCRAFT shall have the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] deleted from its configuration. The [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] XR072 and all subsequent EMB 145 XR AIRCRAFT.

2. Amendment to Reconfirmation AIRCRAFT Delivery Schedule

The text of paragraph a.8 of Article 5 of the Purchase Agreement is hereby deleted and replaced with the following:

a.8. RECONFIRMATION AIRCRAFT Deliveries

BUYER has the option to purchase up to one hundred (100) additional XR AIRCRAFT (the "Reconfirmation AIRCRAFT") in accordance with the terms of this Agreement. Such Reconfirmation AIRCRAFT shall be exercised by BUYER in four groups of twenty-five (25) AIRCRAFT each (the "Reconfirmation Groups") as provided for in the table below ("Reconfirmation Delivery Schedule"). Each option for such Reconfirmation Group shall be exercised no later [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] prior to the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. The Reconfirmation AIRCRAFT shall be delivered in accordance with the following schedule, provided that all terms and conditions of this Article 5a.8 have been satisfied:

Reconfirmation Group	XR Aircraft	Delivery Month	Reconfirmation Group	XR Aircraft	Delivery Month
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
Group 1	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	Group 2	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-
-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-	-	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	-

By : /s/ Satoshi Yokota By : /s/Frederick S. Cromer

Name : Satoshi Yokota Name : Frederick S. Cromer

Title : Executive Vice President Title : Vice President and Chief Financial Officer
Development and Industry

By : /s/ José Luis Molina

Name : José Luis Molina

Title : Director of Contracts Airline Market

Date: May 31, 2005 Date: June 14, 2005

Place: São José Dos Campos, SP Place: Houston, TX

Witness: /s/Erika L. Natali Witness: /s/Kristy A. Nicholas

Name: Erika Lulai Natali Name: Kristy A. Nicholas

CERTIFICATION

I, Lawrence W. Kellner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Continental Airlines, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 21, 2005

/s/ Lawrence W. Kellner

Lawrence W. Kellner

Chairman of the Board and

Chief Executive Officer

CERTIFICATION

I, Jeffrey J. Misner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Continental Airlines, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
- b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
- c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 21, 2005

/s/ Jeffrey J. Misner

Jeffrey J. Misner

Executive Vice President and

Chief Financial Officer

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2005 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Continental Airlines, Inc. and will be retained by Continental Airlines, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

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Dated: July 21, 2005

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/s/ Lawrence W. Kellner

Lawrence W. Kellner

Chairman of the Board and

Chief Executive Officer

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/s/ Jeffrey J. Misner

Jeffrey J. Misner

Executive Vice President and

Chief Financial Officer

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