

The facing sheet is amended and restated in its entirety as follows:

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

FORM 10-K/A2

(Mark One)
 [X]

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1995

OR

[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

0-9781
(Commission File Number)

CONTINENTAL AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

74-2099724
(IRS Employer Identification No.)

2929 Allen Parkway, Suite 2010, Houston, Texas 77019
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: 713-834-2950

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

Title of Each Class -----	Name of Each Exchange on Which Registered -----
Class A Common Stock, par value \$.01 per share	New York Stock Exchange, Inc.
Class B Common Stock, par value \$.01 per share	New York Stock Exchange, Inc.

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

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 [X] No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to
this Form 10-K. []

The aggregate market value of the voting stock held by non-affiliates of the
registrant was \$784 million as of February 16, 1996.

Indicate by check mark whether the registrant has filed all documents and
reports required to be filed by Section 12, 13 or 15(d) of the Securities
Exchange Act of 1934 subsequent to the distribution of securities under a plan
confirmed by a court. Yes [X] No

As of February 16, 1996, 6,301,056 shares of Class A common stock and
21,484,074 shares of Class B common stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
None

Part III of the Report is amended and restated in its entirety as follows:

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

DIRECTORS

Directors are elected at the annual meeting of stockholders and hold office until the next annual meeting and until their respective successors have been duly elected and have qualified.

Pursuant to a stockholders' agreement, Air Canada and Air Partners have agreed to vote their shares for the election of six directors designated by Air Canada, six directors designated by Air Partners and six directors who are "Independent Directors" (as defined in the stockholders' agreement) satisfactory to Air Partners. The Creditors Committee (as defined in the stockholders' agreement) has the right to designate three of the six Independent Directors, and one of the three other Independent Directors must be the Chief Executive Officer. Air Canada has elected to designate only four directors pursuant to the stockholders' agreement.

Air Canada has the right, subject to foreign ownership restrictions ("Foreign Ownership Restrictions"), which currently limit to 25% the voting interest of non-U.S. citizens in U.S. airlines, to convert shares of Class B common stock into shares of Class A common stock. Also, Air Canada has the right, in certain limited circumstances, to convert its Class A common stock into Class C common stock, and Air Partners has the right, in certain limited circumstances, to convert its Class A common stock into Class D common stock. No person may hold or own Class C common stock or Class D common stock, respectively, other than Air Canada and certain of its affiliates or Air Partners and certain of its affiliates. The Class C common stock and Class D common stock, if issued, would preserve the rights of Air Canada and Air Partners, respectively, to elect six directors to the Company's Board in certain circumstances, including a sale by the other party of its stock.

The following table shows, with respect to each of the current non-employee directors of Continental, (i) such person's name and age, (ii) the period for which such person has served as a director of the Company, (iii) all positions and offices with the Company currently held by such person and his or her principal occupation during the last five years (including other directorships and business experience) and (iv) the standing committees of the Board of Directors of which such person is a member. There is no family relationship between any of the directors or between any director and any executive officer.

NAME, AGE AND COMMITTEE MEMBERSHIPS -----	TERM OF OFFICE AND BUSINESS EXPERIENCE -----
THOMAS J. BARRACK, JR., age 48 (Human Resources Committee)(1)	Director since August 1994. Chief Executive Officer of Colony Capital, Inc. and Colony Advisors, Inc. (real estate investments) since 1991; Officer of Keystone, Inc. (a private investment firm) (1987-1991); Director of: The Santa Ana Companies; Virgin/MGM Cinemas (U.K.); Sonnenblick Goldman Company; Hilton Waikoloa Village Corporation.
DAVID BONDERMAN, age 53 (Executive Committee, Finance and Strategy Committee)(1)	Director since April 1993 and Chairman of the Board since May 1993. Managing Director of Air Partners, L.P. since November 1992; Principal of Texas Pacific Group (a private investment firm) since September 1992; Chief Operating Officer of Keystone, Inc. (a private investment firm) (1983-August 1992); Director of: Bell & Howell Holdings Company; National Re Corporation; National Education Corporation; Carr Realty Company; American Savings Bank, F.A.

[Table continued on following page]

NAME, AGE AND COMMITTEE MEMBERSHIPS -----	TERM OF OFFICE AND BUSINESS EXPERIENCE -----
JOEL H. COWAN, age 59 (Audit Committee)(1)	Director since April 1993. President of Cowan & Associates (real estate holding company) since 1976; Chairman, The Habersham Group (international trade & investment) since 1984; Director, Interstate General Company, L.P.
PATRICK FOLEY, age 64 (Finance and Strategy Committee, Human Resources Committee)(1)	Director since April 1993. Chairman of the Board, President and Chief Executive Officer of DHL Airways, Inc. since 1988; Director of: Foundation Health Corporation; Glenborough Realty Trust, Inc.
ROWLAND C. FRAZEE, C.C., age 74 (Audit Committee)(2)(4)	Director since April 1993. Various positions with The Royal Bank of Canada since 1939, retiring as Chairman and Chief Executive Officer; Director and Chairman of Ganong Bros. Limited; Director of: International Minerals and Chemical Corporation of Canada, Limited; Newfoundland Capital Corporation Limited.
HOLLIS L. HARRIS, age 64 (Executive Committee, Finance and Strategy Committee)(2)	Director since April 1993. Chairman of the Board, President and Chief Executive Officer of Air Canada since January 1993; Vice Chairman, President and Chief Executive Officer (February 1992-January 1993) of Air Canada; Chairman of the Board, President and Chief Executive Officer of Continental and President and Chief Executive Officer of Holdings (September 1990-August 1991); prior to that, 36 years with Delta with final position being Director, President and Chief Operating Officer; Director, American Business Products Inc.
DEAN C. KEHLER, age 39 (Audit Committee)(3)	Director since June 1995. Managing Director of CIBC Wood Gundy Securities Corp. since August 1995; Managing Director and a founding partner of The Argosy Group L.P. (investment banking) (1990-August 1995); Trustee of the Care Foundation.
ROBERT L. LUMPKINS, age 52 (Audit Committee)(3)	Director since April 1993. Vice Chairman of the Board (since 1985), Director (since 1991) and Chief Financial Officer (since 1989) of Cargill, Inc.
DOUGLAS McCORKINDALE, age 56 (Audit Committee)	Director since April 1993. Vice Chairman and Chief Financial and Administrative Officer of Gannett Co., Inc. (a nationwide diversified communications company) since 1984; Director of seven funds which are part of the Prudential Group of Mutual Funds; Director, Frontier Corporation.
DAVID E. MITCHELL, O.C., age 69 (Human Resources Committee)(2)(4)	Director since April 1993. President and Chief Executive Officer (1975-1993) and Chairman (1994 to present) of Alberta Energy Company, Ltd.; Chairman of the Board: Chieftain International, Inc.; Chieftain International Funding Corp.; Director of: Air Canada; The Bank of Nova Scotia; Hudson's Bay Company; Lafarge Corporation; Founder and President, the Ernest C. Manning Awards Foundation.
RICHARD W. POGUE, age 67 (Audit Committee, Human Resources Committee)(3)	Director since April 1993. Senior Advisor of Dix & Eaton (a public relations firm) since July 1994; Senior Partner (January 1993 - June 1994) and Managing Partner (1984-1992) of Jones, Day, Reavis & Pogue (law firm); Director of: Derlan Industries, Ltd.; M.A. Hanna Co.; KeyCorp; OHM Corporation; Redland PLC; Rotek Incorporated; TRW Inc.

[Table continued on following page]

NAME, AGE
AND COMMITTEE MEMBERSHIPS

TERM OF OFFICE AND BUSINESS EXPERIENCE

WILLIAM S. PRICE III, age 39
(Finance and Strategy Committee,
Human Resources Committee)(1)

Director since April 1993. Managing Director of Air Partners, L.P. since November 1992; Principal of Texas Pacific Group (a private investment firm) since November 1992; Vice President-Strategic Planning and Business Development of GE Capital Corporation (1991-1992); Vice President of Bain & Company, Inc. (consulting firm) (1985-1991); Chairman of the Board of Directors of Favorite Brands, Inc.; Beringer Wine Estates; Director of: Preferred Provider Organization of Michigan; VIVRA Heart Services; Banco Allianza; Denbury Resources, Inc.

DONALD L. STURM, age 64
(Finance and Strategy Committee,
Human Resources Committee)(1)

Director since April 1993. Chairman of the Board and Chief Executive Officer of: Community First Bankshares, Inc. (which owns four banks in Colorado) since 1993; Community First Bancorp, Inc. (which owns four banks in Wyoming) since 1993; Sturm Investment, Inc. (which owns one bank in Illinois) since 1984; Premier Bank since 1994; Continental Can Company, Inc., and various subsidiaries and affiliated corporations (1984-1991); Various positions culminating in Vice Chairman of Peter Kiewit Sons, Inc. (1963-1991); Limited Partner of Air Partners, L.P.

CLAUDE I. TAYLOR, O.C., age 70
(Audit Committee, Finance and
Strategy Committee)(2)(4)

Director since April 1993. Chairman Emeritus of Air Canada since January 1993; Chairman of the Board of Air Canada (February 1992-December 1993); Chairman of the Board, President and Chief Executive Officer of Air Canada (1990-1992); Chairman of the Board (1984-1990), President and Chief Executive Officer (1976-1984) of Air Canada; Chairman of the Board of Medina Inc.; Vice Chairman of the Board of Governors of Concordia University; Vice Chairman of the Board of Directors of Friday's Child International; Director of: Air Canada; CGI Group Inc.; Blenheim Aviation Limited; Montreal Neurological Hospital; National Quality Institute of Canada; Canadian Aviation Hall of Fame.

KAREN HASTIE WILLIAMS, age 51
(Human Resources Committee)

Director since April 1993. Partner of Crowell & Moring (law firm), Washington, D.C. since December 1982; Director of: Federal National Mortgage Association; Crestar Financial Corporation; Washington Gas Light Company; SunAmerica, Inc.

CHARLES A. YAMARONE, age 37
(Finance and Strategy Committee)

Director since January 1995. Executive Vice President and Research Director of Libra Investments, Inc. since July 1994; Senior Vice President and General Counsel of Libra Investments, Inc. (October 1991-June 1994); Senior Vice President-Legal and Secretary of Columbia Savings (January 1990-October 1991); Director, El Paso Electric Company.

- (1) Air Partners Board Designee
- (2) Air Canada Board Designee
- (3) Creditors' Committee Board Designee
- (4) Citizen of Canada

EXECUTIVE OFFICERS

The following table sets forth certain information with respect to the Company's current executive officers:

NAME, AGE AND POSITION -----	TERM OF OFFICE AND BUSINESS EXPERIENCE -----
GORDON M. BETHUNE, age 54 President, Chief Executive Officer and Director (Executive Committee, Finance and Strategy Committee)	Director since August 1994. President and Chief Executive Officer since November 1994. President and Chief Operating Officer (February 1994-November 1994); various positions with The Boeing Company commencing in 1988, including Vice President and General Manager of the Commercial Airplane Group Renton Division, Vice President and General Manager of the Customer Services Division, and Vice President of Airline Logistics Support.
GREGORY D. BRENNEMAN, age 34 Chief Operating Officer and Director (Finance and Strategy Committee)	Chief Operating Officer since May 1995. Director since June 1995. Consultant to the Company (February-April 1995); Various positions, including Vice President, with Bain & Company, Inc. (consulting firm) for more than five years.
B. BEN BALDANZA, age 34 Vice President - Revenue Management and Scheduling	Vice President-Revenue Management and Scheduling since November 1995. Vice President-Pricing and Profit Management since September 1994; Revenue Manager at United Parcel Service of America, Inc. (July 1993 to September 1994); various positions with Northwest Airlines Corporation, including Managing Director Yield Management (January 1991 to July 1993); various positions with American Airlines, Inc., including Manager-Domestic Yield Management (July 1986 to January 1991).
MARK A. ERWIN, age 40 Senior Vice President - Airport Services	Senior Vice President-Airport Services since April 1995. Various positions with the Company commencing in 1987, including, most recently, Vice President-Newark Hub.
LAWRENCE W. KELLNER, age 37 Senior Vice President and Chief Financial Officer	Senior Vice President and Chief Financial Officer since June 1995. Executive Vice President and Chief Financial Officer of American Savings Bank, F.A. (November 1992-May 1995); Executive Vice President and Director of Loan Management of American Real Estate Group, an affiliate of American Savings Bank, F.A. (February 1992-October 1992); Executive Vice President and Chief Financial Officer of The Koll Co. (a Newport Beach-based real estate developer and manager) (1987-1992).
C.D. McLEAN, age 54 Senior Vice President - Operations	Senior Vice President-Operations since April 1994. Executive Vice President-Operations (January 1992- March 1994) of LeisureAir, Inc.; self-employed (March 1990-December 1991); Senior Vice President-Flight Operations (May 1989-February 1990) of Braniff Airlines, Inc.
BARRY P. SIMON, age 53 Senior Vice President - Europe	Senior Vice President-Europe since June 1995. Senior Vice President-Strategic Business Units (April 1995-June 1995); Senior Vice President-Widebody Division (August 1994-April 1995); Senior Vice President and General Counsel (June 1990-August 1994), except Senior Vice President, General Counsel and Director, GAF Corporation (January-March 1993).

[Table continued on following page]

NAME, AGE AND POSITION

TERM OF OFFICE AND BUSINESS EXPERIENCE

JEFFERY A. SMISEK, age 41
Senior Vice President,
General Counsel and Secretary

Senior Vice President and Secretary since April 1995. General Counsel since March 1995. Partner, Vinson & Elkins L.L.P. (law firm) for more than five years.

Each director, executive officer (and, for a specified period, certain former directors and executive officers), certain trusts and other entities with which such individuals are affiliated, and each holder of greater than ten percent of a class of the Company's equity securities is required to report to the Securities and Exchange Commission (the "Commission") his or her pertinent position or relationship, as well as transactions in such securities, by certain specified dates. A trust for which Mr. Pogue serves as trustee, and two trusts for which Mr. Sturm serves as trustee, failed to timely file initial statements of beneficial ownership of certain of the Company's equity securities, although each of such individuals timely filed reports reflecting the interest he is deemed to have in the shares of common stock of the Company held by the respective trusts. Michael Bonds, Staff Vice President and Controller of the Company, failed to timely file his initial statement of beneficial ownership upon his election to such position. David Siegel, then Vice President-Route Scheduling of the Company, failed to timely file a statement of changes in beneficial ownership with respect to a purchase of common stock in 1994, which he reported instead on his annual statement of changes in beneficial ownership, which was not filed with the Commission by the specified date. John Luth, a former Senior Vice President of the Company, failed to timely file a report with respect to two purchases of common stock that occurred after his resignation. Finally, Air Canada's reports with respect to one transaction in 1994 and one transaction in 1995 were not timely filed. In each of the foregoing cases, appropriate forms were subsequently filed.

ITEM 11. EXECUTIVE COMPENSATION

COMPENSATION OF DIRECTORS

Members of the Company's Board of Directors who are not full-time employees of the Company are paid \$15,000 per year, plus \$1,000 (or \$1,500 for the chairperson) for each Board and committee meeting attended. Stock options, relating to 1,500 shares of Class B common stock, are automatically granted to non-employee directors on the day following each annual meeting of stockholders and bear exercise prices equal to the fair market value of such stock on such date. In addition, each non-employee director receives certain lifetime flight benefits, including space-available personal and family flight passes, a travel card permitting positive space travel by the director, the director's family and certain other individuals (which is taxable to the director, subject to the payment of certain of such taxes by the Company during Board service), a frequent flyer card and an airport lounge card.

Full-time employees of the Company who serve as directors receive reimbursement of expenses incurred in attending meetings, in addition to flight and other benefits provided in their employment agreements or shared generally by other employees of the Company.

COMPENSATION OF EXECUTIVE OFFICERS

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR(1)	ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARDS		
		SALARY(\$)	BONUS(\$)	OTHER ANNUAL COMPENSATION(\$)	RESTRICTED STOCK AWARDS(\$)(2)	SECURITIES UNDERLYING OPTIONS(#)	ALL OTHER COMPENSATION(\$)
Gordon M. Bethune President and Chief Executive Officer	1995	\$561,012	\$ 550,000	\$278,638 (3)	0	25,000 (4)	\$522,978 (5)
	1994	434,185	1,500,000 (6)	85,018 (7)	\$1,240,625	250,000 (4)	286,969 (8)
	1993	---	---	---	---	---	---
Gregory D. Brenneman Chief Operating Officer	1995	\$338,726	\$ 354,039	\$ 56,459 (9)	\$1,200,000	275,000	\$ 79,016 (10)
	1994	---	---	---	---	---	---
	1993	---	---	---	---	---	---
Lawrence W. Kellner Senior Vice President and Chief Financial Officer	1995	\$193,369	\$ 438,500 (11)	\$ 17,928 (12)	\$ 862,50	75,000	\$ 32,718 (10)
	1994	---	---	---	---	---	---
	1993	---	---	---	---	---	---
C.D. McLean Senior Vice President- Operations	1995	\$305,604	\$ 300,000	\$ 514 (12)	\$ 115,000	0 (13)	0
	1994	182,557	0	8,807 (12)	---	75,000 (13)	13,531 (10)
	1993	---	---	---	---	---	---
Barry P. Simon Senior Vice President- Europe	1995	\$306,000	\$ 300,000	\$ 714 (12)	\$ 0	0 (13)	0
	1994	293,480	0	0	213,750	75,000 (13)	0
	1993	202,785	0	0	0	0	0

(1) Messrs. Bethune, Brenneman, Kellner and McLean commenced employment with the Company in February 1994, April 1995, June 1995 and April 1994, respectively.

(2) The value of restricted stock shown was calculated by multiplying the closing price of the Class B common stock on the date the restricted shares were granted by the number of restricted shares as follows: Mr. Bethune - 50,000 shares at \$14.125 and 25,000 shares at \$21.375; Mr. Brenneman - 75,000 shares at \$16.00; Mr. Kellner - 50,000 shares at \$17.25; Mr. McLean - 10,000 shares at \$11.50 and Mr. Simon - 10,000 shares at \$21.375. At the end of 1995, the aggregate number of restricted shares held by Messrs. Bethune, Brenneman, Kellner, McLean and Simon was 67,400, 75,000, 50,000, 10,000 and 10,000, respectively, and the year-end values of such shares were \$2,931,900, \$3,262,500, \$2,175,000, \$435,000 and \$435,000, respectively, based on the December 29, 1995 closing price of the Class B common stock of \$43.50. The shares held by Messrs. Bethune and Simon vested in 50% increments on March 15, 1995 and 1996. The shares held by Mr. Brenneman vest in 25% increments on October 27, 1995 and April 27, 1996, 1997 and 1998. The shares held by Mr. Kellner vest in 25% increments on December 6, 1995 and June 5, 1996, 1997 and 1998. The shares held by Mr. McLean vest in 50% increments on April 4, 1996 and 1997. Although the Company has paid no dividends on its common stock, any dividends would be payable upon both vested and non-vested shares.

(3) Represents a tax adjustment relating to termination of certain supplemental retirement plan benefits (\$277,159) and certain travel benefits provided by the Company (\$1,479). See footnote (5) below.

(4) In addition, of the options granted to Mr. Bethune in 1994, the exercise price of 125,000 options was adjusted in 1995 from \$14.125 per share to \$11.00 per share (which exceeded the market value of the Class B common stock on the date of such adjustment) to comply with the terms of Mr. Bethune's agreements with the Company.

(5) Represents payment in lieu of certain supplemental executive retirement plan benefits previously provided under Mr. Bethune's employment agreement.

[Footnotes continued on following page]

- (6) Represents a bonus in connection with certain amendments to Mr. Bethune's employment agreement which were made as the result of an offer of employment to Mr. Bethune by one of the Company's competitors.
- (7) Represents a tax adjustment relating to (i) certain moving expenses paid by the Company and (ii) reimbursement for a loss on the sale of Mr. Bethune's previous residence in connection with his hiring and relocation to Houston, Texas.
- (8) Represents (i) \$144,463 paid to compensate Mr. Bethune for the forfeiture of certain benefits under his prior employer's compensation program when he joined the Company, (ii) \$107,957 for the loss on sale of residence (see note 7) and (iii) \$34,549 for moving expenses (see note 7).
- (9) Represents a tax adjustment relating to (i) certain moving expenses paid by the Company, (ii) reimbursement for loss on the sale of Mr. Brenneman's previous residence in connection with his hiring and relocation to Houston, Texas and (iii) certain travel benefits provided by the Company.
- (10) Represents certain moving expenses paid by the Company in connection with the named executives' relocation to Houston, Texas. The amount for Mr. Brenneman also includes \$54,380 for the loss on sale of residence (see note 9).
- (11) Includes \$176,000 sign-on bonus.
- (12) Represents a tax adjustment relating to (i) certain moving expenses paid by the Company and/or (ii) certain travel benefits provided by the Company.
- (13) All of the options granted to Messrs. McLean and Simon were repriced in 1995 from \$21.375 to \$16.00 per share.

OPTION/SAR GRANTS DURING LAST FISCAL YEAR

NAME	INDIVIDUAL GRANTS				POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
	NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS GRANTED(1)	% OF TOTAL OPTIONS/SARS GRANTED TO EMPLOYEES IN FISCAL YEAR	EXERCISE PRICE (\$/SHARE)	EXPIRATION DATE	5%	10%
Gordon M. Bethune	25,000	1.2%	\$9.25	01/02/05	\$ 145,500	\$ 368,500
	125,000 (2)	5.8%	\$11.00	03/04/04	418,750	1,351,250
Gregory D. Brenneman	275,000	12.7%	\$16.00	04/27/00	1,215,500	2,686,750
Lawrence W. Kellner	75,000	3.5%	\$17.25	06/05/00	357,750	789,750
C.D. McLean	75,000 (3)	3.5%	\$16.00	04/27/00	331,500	732,750
Barry P. Simon	75,000 (3)	3.5%	\$16.00	04/27/00	331,500	732,750

- (1) Mr. Bethune's options vest in annual 25% increments commencing January 2, 1995. Messrs. Brenneman's, Kellner's, McLean's and Simon's options vest in 25% increments on the dates that are six months, one year, two years and three years after the date of grant, April 27, 1995; June 5, 1995; April 27, 1995 and April 27, 1995 respectively. See footnote 3.
- (2) Represents options granted to Mr. Bethune in 1994 for which the exercise price was adjusted in 1995 from \$14.125 per share to \$11.00 per share (which exceeded the market value of the Class B common stock on the date of such adjustment) to comply with the terms of Mr. Bethune's agreements with the Company.
- (3) Represents options granted to Messrs. McLean and Simon, respectively, in 1994 for which the exercise price was adjusted in 1995 from \$21.375 per share to \$16.00 per share as described in the Company's proxy statement relating to its 1995 annual meeting of stockholders.

FISCAL YEAR-END OPTION/SAR VALUES

NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS/SARS AT FISCAL YEAR END (#)		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS/SARS AT FISCAL YEAR END (\$)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Gordon M. Bethune	68,750	206,250	\$2,147,656	\$6,442,969
Gregory D. Brenneman	68,750	206,250	1,890,625	5,671,875
Lawrence W. Kellner	18,750	56,250	492,188	1,476,563
C.D. McLean	18,750	56,250	515,625	1,546,875
Barry P. Simon	18,750	56,250	515,625	1,546,875

None of the above named executive officers exercised any options during 1995.

EMPLOYMENT AGREEMENTS

Continental has entered into an amended and restated employment agreement with Mr. Bethune relating to his service as an officer of the Company. The agreement provides for an annual base salary of not less than \$550,000, participation in any Company cash bonus program at the maximum level available to any executive, a supplemental executive retirement plan, flight benefits, and certain other matters. Pursuant to the supplemental executive retirement plan, Mr. Bethune receives a base retirement benefit in the form of an annual straight life annuity in an amount equal to the product of (1) 1.6% times (2) the number of his credited years of service times (3) his final average compensation. The agreement may be terminated at any time by either party, with or without cause. The agreement is for a three-year term of employment beginning in June 1995 and is automatically extended for an additional three-year period on each successive third anniversary of such date. If Mr. Bethune's employment is terminated because the Company elects to permit his employment agreement to expire or by the Company for reasons other than death, incapacity, cause or material breach of the agreement, then the Company shall (i) cause all options and shares of restricted stock awarded to Mr. Bethune to vest immediately upon such termination, (ii) make a lump-sum cash severance payment to Mr. Bethune (calculated as described below), and (iii) provide Mr. Bethune with out-placement services. In addition, following any such termination, benefits under the supplemental executive retirement plan continue to be payable, and Mr. Bethune is provided flight benefits for the remainder of his lifetime. Such termination benefits are also awarded to Mr. Bethune if he terminates the employment agreement for certain specified causes. The severance payment referred to above is equal to three times the sum of (a) Mr. Bethune's then current base salary (of not less than \$550,000) and (b) a deemed annual bonus equal to 25% of such salary. Additionally, the Company is required to continue providing certain employee benefits to Mr. Bethune for certain specified time periods following a termination of employment and to maintain life insurance on his behalf in an amount equal to the severance payment described above. Mr. Bethune is indemnified by the Company for his tax obligations with respect to payments under the agreement to the extent that such payments are subject to an excise or other special additional tax that would not have been imposed absent such payment.

Continental has entered into an amended and restated employment agreement with Mr. Brenneman relating to his service as an officer of the Company. The agreement provides for an annual base salary of not less than \$525,000, stock options to purchase 275,000 shares of Class B common stock, a restricted stock grant for 75,000 shares of Class B common stock, participation in any Company cash bonus program at the maximum level available to any executive, flight benefits, and certain other matters. The agreement may be terminated at any time by either party, with or without cause. The agreement is for a three-year term of employment beginning in June 1995 and is automatically extended for an additional three-year period on each successive third anniversary of such date. If Mr. Brenneman's employment is terminated because the Company elects to permit his employment agreement to expire or by the Company for reasons other than death, incapacity, cause or material breach of the agreement, then the Company shall (i) cause all options and shares of restricted stock awarded to Mr. Brenneman to vest immediately upon such termination, (ii) make a lump-sum cash severance payment to Mr. Brenneman (calculated as described below), and (iii) provide Mr. Brenneman with out-placement services. In addition, following any such termination, Mr. Brenneman is provided with flight benefits for the remainder of his lifetime. Mr. Brenneman is also entitled

to such termination benefits if he terminates the employment agreement for certain specified causes. The severance payment is equal to three times the sum of (1) Mr. Brennehan's then current base salary (of not less than \$525,000) and (2) a deemed annual bonus equal to 25% of such salary. Additionally, the Company is required to continue providing certain employee benefits to Mr. Brennehan for certain specified time periods following a termination of employment and to maintain life insurance on his behalf in an amount equal to the severance payment described above. Mr. Brennehan is indemnified by the Company for his tax obligations with respect to payments under the agreement to the extent that such payments are subject to an excise or other special additional tax that would not have been imposed absent such payment.

Continental has entered into an amended and restated employment agreement with each of Messrs. Kellner, McLean, and Simon, which agreements contain substantially identical terms and provide for an annual base salary of not less than \$350,000, \$300,000 and \$300,000, respectively, participation in any Company cash bonus program at the maximum level available to any executive, flight benefits, and certain other matters. Each of the agreements may be terminated at any time by either party, with or without cause. Each agreement is for a three-year term of employment beginning in June 1995. If the applicable executive's employment is terminated by the Company for reasons other than death, incapacity, cause or material breach of the agreement, then the Company shall (i) make a lump-sum cash severance payment to the executive (calculated as described below), and (ii) provide the executive with out-placement services. In addition, following any such termination, each agreement provides the executive with flight benefits for the remainder of his lifetime under certain circumstances. Each of the executives is also entitled to such benefits if he terminates the employment agreement for certain specified causes. The severance payment referenced above is equal to the product of (A) the sum of (1) the executive's then current base salary and (2) a deemed annual bonus equal to 25% of such salary, multiplied by (B) a fraction, the numerator of which is the number of months in the severance period (defined below) and the denominator of which is 12. If the executive's employment is terminated within two years after a change in control, the severance period means the period commencing on the date of termination and continuing for 36 months. If the executive's employment is terminated prior to a change in control or after the date which is two years after a change in control, the severance period means the period commencing on the date of termination and continuing for 24 months. The Company is also required to continue providing certain employee benefits to the executives for certain specified time periods following a termination of employment. Each of the executives is indemnified by the Company for his tax obligations with respect to payments under his agreement to the extent that such payments are subject to an excise or other special additional tax that would not have been imposed absent such payment.

RETIREMENT PLAN

The Continental Airlines, Inc. Retirement Plan (the "Retirement Plan"), adopted in 1988, is a noncontributory, defined benefit pension plan. Substantially all employees of Continental and certain designated affiliates are eligible to participate in the Retirement Plan.

The following table represents the estimated annual benefits payable in the form of a single life annuity to participants in specified service and compensation categories under the Retirement Plan. The values reflected in the table represent the application of the Retirement Plan formula to the specified amounts of final average compensation and years of service. Under the Retirement Plan, final average compensation means the average of the participant's highest five consecutive years of compensation during the last ten calendar years with Continental. Final average compensation includes regular pay and shift differential, but excludes bonuses, overtime, severance pay, incentive and other special forms of pay. Regulations under the Code previously limited compensation covered by the Retirement Plan to \$235,840 and since December 1994 have limited such compensation to \$150,000.

PENSION PLAN TABLE

YEARS OF SERVICE

FINAL AVERAGE COMPENSATION	YEARS OF SERVICE					
	5	10	15	20	25	30
\$100,000	\$7,656	\$15,312	\$22,968	\$30,624	\$38,280	\$45,936
\$125,000	9,707	19,414	29,121	38,828	48,535	58,242
\$150,000	11,758	23,516	35,274	47,032	58,790	70,548
\$175,000	13,434	27,206	40,697	53,690	66,200	78,615
\$200,000	15,075	30,897	46,438	61,480	76,041	90,506
\$225,000	16,716	34,588	52,178	69,270	85,882	102,397

The estimated credited years of service for Messrs. Bethune, McLean and Simon are two years, two years and nine years, respectively. Messrs. Brenneman and Kellner will be eligible to participate in the Retirement Plan after completing one year of service with the Company. In addition, Mr. Bethune's employment agreement provides for certain supplemental retirement benefits, which benefits will be offset by amounts received under the Retirement Plan. See "Employment Agreements," above. Under the Retirement Plan, a retired participant's annual benefit commencing at or after the normal retirement age of 65 (60 for pilots) is equal to 1.19% of the participant's final average compensation plus 0.45% of the participant's final average compensation in excess of the average Social Security wage base, multiplied by the participant's years of participation up to a maximum of 30 years.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Company's executive compensation programs are administered by the Human Resources Committee of the Board of Directors. The committee is composed of six independent, non-employee directors, and no member of the committee has been an officer or employee of the Company or any of its subsidiaries. Karen Hastie Williams who chairs the Human Resources Committee is a Partner of Crowell & Moring, a law firm that has provided services to the Company and its subsidiaries for many years.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

VOTING RIGHTS AND PRINCIPAL STOCKHOLDERS

The following table sets forth, as of April 1, 1996 (except as otherwise set forth below), certain information with respect to persons owning beneficially (to the knowledge of the Company) more than five percent of any class of the Company's voting securities. The table also sets forth the respective general voting power of such persons. In accordance with regulations promulgated by the Commission, the table shows the effect of the exercise of warrants owned by the person in question, and, in the case of Air Canada, the exchange of certain shares of Class B common stock for Class A common stock, but, in determining the denominator used to show percentage ownership of such person, does not assume the exercise of warrants or the exchange of shares owned by any other person.

The table does not show under "General Voting Power" the effect of Air Canada's potential exchange of certain shares of Class B common stock for an equal number of shares of Class A common stock, because the voting of most of the Class A common stock acquirable as a result of such exchange would currently be prohibited by applicable Foreign Ownership Restrictions. Such information is, however, shown in the footnotes to the table.

NAME AND ADDRESS OF BENEFICIAL HOLDER	TITLE OF CLASS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS	GENERAL VOTING POWER (1)
Air Canada Air Canada Center Montreal Int'l Airport (Dorval) P.O. Box 14000 Postal Station, St. Laurent Canada H4Y 1H4	Class A common stock Class B common stock	2,740,000(2) 3,338,944(4)	37.1% 15.5%	23.6% (3)
Air Partners, L.P.(5) 2420 Texas Commerce Tower 201 Main Street Fort Worth, TX 75102	Class A common stock Class B common stock	4,259,734(6) 3,382,632(7)	54.5% 13.6%	44.6%
American General Corporation 2929 Allen Parkway Houston, TX 77019	Class A common stock Class B common stock	774,496(8) 1,055,002(9)	11.8% 4.8%	10.0%
FMR Corp. 82 Devonshire Street Boston, MA 02109	Class B common stock	3,182,837(10)	14.7%	3.8%

- (1) Each share of Class A common stock is entitled to ten votes, and each share of Class B common stock is entitled to one vote. General Voting Power includes the combined total of the votes attributable to Class A common stock and Class B common stock.
- (2) Amount includes 1,078,944 shares of Class A common stock issuable upon exchange of a like number of shares of Class B common stock held by Air Canada.
- (3) Does not include the exchange of 1,078,944 shares of Class B common stock for Class A common stock as described in Note 2 above, which would be subject to Foreign Ownership Restrictions. If Air Canada were permitted to exchange the 1,078,944 shares of Class B common stock for an equal number of shares of Class A common stock, its General Voting Power would be 31.5%.
- (4) Amount includes 1,078,944 shares of Class B common stock held by Air Canada which are exchangeable, under certain circumstances, for a like number of shares of Class A common stock. Such shares are also included in the number of shares of Class A common stock reported herein pursuant to SEC Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act").
- (5) Based on reports filed with the Commission pursuant to the Exchange Act, the general partners of Air Partners are 1992 Air GP, managing general partner, and Air II General, Inc. The general partners of 1992 Air GP are 1992 Air, Inc., majority general partner, and Air Saipan, Inc. David Bonderman is the controlling shareholder of Air II General, Inc. and 1992 Air, Inc. and accordingly may be deemed the beneficial owner of shares held by Air Partners. In addition, Mr. Bonderman holds, directly and indirectly, limited partnership interests in Air Partners. Mr. Bonderman also holds director stock options to purchase 3,000 shares of Class B common stock and may be deemed to own 379,194 shares of Class B common stock owned by 1992 Air GP and 2,403 shares of Class B common stock owned by Air II General, Inc. that

[Footnotes continued on following page]

are not included in the amounts shown. Bonderman Family Limited Partnership, of which David Bonderman is the general partner, holds 8,200 shares of Class A common stock and 441,225 shares of Class B common stock that are not included in the amounts shown. In addition, Bonderman Family Limited Partnership holds limited partnership interests in Air Partners. On the basis of certain provisions of the limited partnership agreement of Air Partners, Bonderman Family Limited Partnership may be deemed to beneficially own the shares of Class A common stock and any Class B common stock beneficially owned by Air Partners that are attributable to such limited partnership interests. However, Bonderman Family Limited Partnership, pursuant to Rule 13d-4 under the Exchange Act, disclaims beneficial ownership of all such shares. The estate of Larry L. Hillblom, solely in its capacity as the sole shareholder of Air Saipan, Inc., may be deemed the beneficial owner of shares of Class A common stock and any Class B common stock held by Air Partners. In addition, the estate of Mr. Hillblom also holds limited partnership interests in Air Partners. On the basis of certain provisions of the limited partnership agreement of Air Partners, the estate of Mr. Hillblom may be deemed to beneficially own the shares of Class A common stock and any Class B common stock beneficially owned by Air Partners that are attributable to such limited partnership interests. Bondo Air Limited Partnership ("Bondo Air"), solely in its capacity as a limited partner of Air Partners, may be deemed to beneficially own the shares of Class A common stock and any Class B common stock held by Air Partners that are attributable to such limited partnership interest. However, Bondo Air, pursuant to Rule 13d-4 under the Exchange Act, disclaims beneficial ownership of all such shares. Mr. Alfredo Brener, through a limited partnership whose corporate general partner he controls, owns warrants to purchase a 98.5% limited partnership interest in Bondo Air, and on the basis of certain provisions of the limited partnership agreement of Bondo Air, Mr. Brener may be deemed to beneficially own such limited partnership interests and, in turn, the shares attributable to Bondo Air's limited partnership interest in Air Partners. However, Mr. Brener, pursuant to Rule 13d-4 under the Exchange Act, disclaims beneficial ownership of all such shares. Donald Sturm, a director of the Company, holds a limited partnership interest in Air Partners. On the basis of certain provisions of the limited partnership agreement of Air Partners, Mr. Sturm may be deemed to beneficially own the shares of Class A common stock and any Class B common stock beneficially owned by Air Partners that are attributable to such limited partnership interest. However, Mr. Sturm, pursuant to Rule 13d-4 under the Exchange Act, disclaims beneficial ownership of all such shares.

- (6) Includes 1,519,734 shares issuable upon exercise of warrants held by Air Partners to purchase Class A common stock.
- (7) Represents shares subject to warrants held by Air Partners to purchase Class B common stock.
- (8) Based on reports filed with the Commission, the shares reported represent the proportionate interest in shares beneficially owned by Air Partners, of which American General Corporation ("American General") is a limited partner, including shares issuable upon exercise of warrants held by Air Partners to purchase 276,315 shares of Class A common stock. On the basis of certain provisions of the limited partnership agreement of Air Partners, American General may be deemed to beneficially own the shares of Class A common stock and any Class B common stock beneficially owned by Air Partners that are attributable to such limited partnership interest. However, American General, pursuant to Rule 13d-4 under the Exchange Act, disclaims beneficial ownership of all such shares. American General may be deemed to share voting and dispositive power with respect to all such shares.
- (9) The reported shares include 283 shares held by an indirect wholly owned subsidiary of American General and 615,024 shares issuable upon exercise of warrants held by Air Partners to purchase Class B common stock. American General may be deemed to share voting and dispositive power with respect to such 615,307 shares.
- (10) Based on information furnished to the Company, the shares reported include 151,514 shares of Class B common stock issuable upon conversion of the Company's 6 3/4% Convertible Subordinated Notes due April 15, 2006. FMR, together with its wholly owned subsidiaries, Fidelity Management & Research Company and Fidelity Management Trust Company, has sole dispositive power with respect to 3,159,337 of the shares beneficially owned by it and sole voting power with respect to 2,436,423 of such shares. FMR has no shared voting or dispositive power. Members of the Edward D. Johnson 3d family own approximately 49% of the outstanding voting stock of FMR Corp.

BENEFICIAL OWNERSHIP OF COMMON STOCK OF DIRECTORS AND EXECUTIVE OFFICERS

The following table shows, as of April 1, 1996, the number of shares of Class B common stock beneficially owned by each of the directors, the executive officers named in the Summary Compensation Table, and all executive officers and directors as a group. The beneficial ownership of Class A common stock by certain of such persons is described in the footnotes to the table. See also "Voting Rights and Principal Stockholders".

NAME OF BENEFICIAL OWNERS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)	PERCENT OF CLASS
Thomas J. Barrack, Jr.	5,800 (2)	*
Gordon M. Bethune	215,319 (3)	1.0%
David Bonderman	4,351,138 (4)	17.5%
Gregory D. Brenneman	221,955 (5)	1.0%
Joel H. Cowan	3,000 (6)	*
Patrick Foley	831,455 (7)	3.8%
Rowland C. Frazee, C.C.	3,000 (6)	*
Hollis L. Harris	3,341,944 (8)	15.6%
Dean C. Kehler	1,500 (9)	*
Lawrence W. Kellner	71,795 (10)	*
Robert L. Lumpkins	3,000 (6)	*
Douglas H. McCorkindale	3,000 (6)	*
C.D. McLean	49,500 (11)	*
David E. Mitchell, O.C.	3,341,944 (8)	15.6%
Richard W. Pogue	3,000 (6)(12)	*
William S. Price III	3,387,132 (13)	13.6%
Barry P. Simon	48,736 (14)	*
Donald L. Sturm	677,195 (15)	3.1%
Claude I. Taylor, O.C.	3,342,944 (8)	15.6%
Karen Hastie Williams	3,000 (6)	*
Charles A. Yamarone	5,500 (16)	*
All executive officers and directors as a group	9,632,072 (17)	43.8%

* Less than 1%

- (1) The persons listed have the sole power to vote and dispose of the shares beneficially owned by them except as otherwise indicated.
- (2) Includes 1,500 shares subject to a vested director stock option, and 1,500 shares held in trust for the benefit of Mr. Barrack's children, as to which shares Mr. Barrack disclaims beneficial ownership.
- (3) Includes 137,500 shares subject to vested options to purchase shares.
- (4) Includes 3,000 shares subject to vested director stock options, 441,225 shares beneficially owned by Bonderman Family Limited Partnership, 379,194 shares owned by 1992 Air GP and 2,403 shares owned by Air II General, Inc. (see note 5 to the previous table). Also includes 3,382,632 shares subject to warrants owned by Air Partners, which Mr. Bonderman may be deemed to own beneficially (see note 5 to the previous table) and which Mr. Price may be deemed to own beneficially through shared voting and dispositive power as a Managing Director of Air Partners. Does not include 8,200 shares of Class A common stock beneficially owned by Bonderman Family Limited Partnership. Also does not include 2,740,000 shares of Class A common stock beneficially owned by Air Partners or 1,519,734 such shares subject to warrants (collectively, 54.5% of the class) owned by Air Partners, which Messrs. Bonderman and Price also may be deemed to own

[Footnotes continued on following page]

beneficially (see note 5 to the previous table).

- (5) Includes 137,500 shares subject to a vested option, or vesting within 60 days, and 56,250 restricted shares scheduled to vest in 33 1/3% increments on April 27, 1996, 1997 and 1998.
- (6) Represents shares subject to vested director stock options.
- (7) Includes 3,000 shares subject to vested director stock options. Also includes 370,957 shares held by DHL Management Services, Inc. ("DHL Management") and 457,498 shares representing the proportionate interest of DHL Management in shares issuable upon exercise of warrants held by Air Partners to purchase shares of Class B common stock. Does not include DHL Management's interest in 370,582 shares of Class A common stock beneficially owned by Air Partners or 205,543 shares of such stock issuable upon exercise of warrants held by Air Partners. DHL Management, and Mr. Foley as President of DHL Management, may be deemed to have voting and shared dispositive power with respect to all such shares.
- (8) Includes 3,000 shares subject to vested director stock options. Also includes 3,338,944 shares beneficially owned by Air Canada. Does not include 1,661,056 shares of Class A common stock beneficially owned by Air Canada or 1,078,944 such shares issuable upon exchange of a like number of shares of Class B common stock held by Air Canada. Mr. Harris, as the "shareholder representative" of Air Canada, may be deemed to have sole voting power with respect to all such shares. Messrs. Harris, Mitchell and Taylor, as directors of Air Canada, may be deemed to have shared dispositive power with respect to all such shares.
- (9) Represents shares subject to a vested director stock option.
- (10) Includes 18,750 shares subject to a vested option and 37,500 restricted shares scheduled to vest in 33 1/3% increments on June 5, 1996, 1997 and 1998.
- (11) Includes 37,500 shares subject to a vested option, or vesting within 60 days, and 10,000 restricted shares scheduled to vest in 50% increments on April 4, 1996 and 1997.
- (12) Mr. Pogue also owns 3,000 shares of Class A common stock.
- (13) Includes 3,000 shares subject to vested director stock options. Also includes 1,500 shares held by Mr. Price's spouse, as to which shares Mr. Price disclaims beneficial ownership, and shares held by Air Partners as described in note 4, above.
- (14) Includes 37,500 shares subject to a vested option, or vesting within 60 days.
- (15) Includes 3,000 shares subject to vested director stock options. Also includes 30,200 shares held in trusts for the benefit of Mr. Sturm's children, 15,100 shares held in a charitable trust for which Mr. Sturm acts as Trustee, 4,300 shares held by a corporation of which Mr. Sturm is the principal stockholder, and 285,937 shares representing the proportionate interest of Mr. Sturm in shares issuable upon exercise of warrants held by Air Partners to purchase shares of Class B common stock. Does not include Mr. Sturm's proportionate interest in 231,615 shares of Class A common stock beneficially owned by Air Partners or 128,465 such shares subject to warrants owned by Air Partners. Mr. Sturm is a limited partner of Air Partners and, as such, may be deemed to share voting and dispositive power with respect to all shares held by Air Partners.
- (16) Includes 1,500 shares subject to a vested director stock option.
- (17) Includes 506,000 shares subject to vested options held by officers and non-employee directors of the Company and 3,382,632 shares subject to warrants owned by Air Partners. See notes 4, 7 and 15. Does not include 2,740,000 shares of Class A common stock beneficially owned by Air Partners or 1,519,734 such shares subject to warrants owned by Air Partners. Also includes 3,338,944 shares beneficially owned by Air Canada.

See note 8. Does not include 1,661,056 shares of Class A common stock beneficially owned by Air Canada, 1,078,944 such shares issuable upon exchange of a like number of shares of Class B common stock held by Air Canada, or 4,000 shares of Class A common stock held by certain executive officers and directors. See, e.g., note 12.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

CERTAIN TRANSACTIONS

Continental Micronesia, Inc. ("CMI") and United Micronesia Development Association, Inc. ("UMDA"), which is controlled by the estate of Larry L. Hillblom and is the minority stockholder of CMI, have a services agreement whereby UMDA is paid a fee of 1.0% of CMI's gross revenue, as defined, which will continue until January 1, 2012. During 1995, these fees totaled \$6 million. As of December 31, 1995, the Company had a payable of \$7 million maturing in 2011 to UMDA. Annual payments of such payable aggregating \$1 million per year are applied to reduce the 1.0% fee.

In connection with Air Canada's investment in the Company, Air Canada, Air Partners and the Company agreed to identify and pursue opportunities to achieve cost savings, revenue enhancement or other synergies from areas of joint operation between the Company and Air Canada. The Company and Air Canada have entered into a series of synergies agreements, primarily in the areas of aircraft maintenance and commercial and marketing alliances (including agreements regarding coordination of connecting flights). The Company believes that the synergies agreements allocate potential benefits to the Company and Air Canada in a manner that is equitable and commercially reasonable, and contain terms at least as favorable to the Company as could be obtained from unrelated parties. As a result of these agreements, Continental paid Air Canada \$38 million in 1995, and Air Canada paid Continental \$16 million, primarily relating to aircraft maintenance.

In connection with America West's emergence from bankruptcy in August 1994, Continental acquired approximately 4.1% of the equity interest and 17.1% of the voting power (exclusive of warrants to purchase an additional 802,860 shares of common stock) of the reorganized America West. In February 1996, Continental sold approximately 1.4 million shares of America West's common stock for net proceeds of approximately \$25 million in an underwritten public offering. Continental now owns approximately 1.0% of the equity interest and 7.9% of the voting power of America West (exclusive of warrants to purchase an additional 802,860 shares of common stock). Through partnerships that he controls, Mr. Bonderman has a significant interest in America West.

The Company and America West entered into a series of agreements during 1994 related to code sharing and ground handling that have created substantial benefits for both airlines. The services provided are considered normal to the daily operations of both airlines. As a result of these agreements, Continental paid America West \$11 million and America West paid Continental \$14 million in 1995.

Prior to joining the Company in May 1995, Mr. Brenneman was a Vice President with Bain & Company, Inc., a consulting firm that has provided consulting services to the Company from time to time. In addition, Mr. Brenneman is the Chairman, Chief Executive Officer and majority shareholder of Turnworks, Inc. ("Turnworks"), which acted as a consultant to the Company prior to May 1995. Pursuant to, and in connection with the termination of, the Turnworks consulting agreement, the Company paid Turnworks an aggregate of \$1,772,457 in 1995.

On July 27, 1995 and August 10, 1995, Air Partners purchased from the Company an aggregate of 154,113 and 328,660 shares of Class B common stock, respectively, at purchase prices of \$15.86 per share (with respect to a total of 355,330 shares) and \$13.40 per share (with respect to a total of 127,443 shares). Of the total, 158,320 shares were purchased pursuant to the exercise of antidilution rights granted to Air Partners under the Certificate of Incorporation and the remaining 324,453 shares were purchased pursuant to the exercise of antidilution rights granted to Air Canada under the Certificate of Incorporation (which rights were purchased by Air Partners immediately prior to their exercise on August 10, 1995).

On September 29, 1995, Continental purchased from Air Canada warrants to purchase an aggregate of 1,367,880 shares of Continental's Class A common stock and 4,849,755 shares of Class B common stock for an aggregate purchase price of approximately \$56 million (including a waiver fee of \$5 million paid to a major creditor of the Company), of which Continental paid approximately \$14 million in cash and a \$42 million one-year note (which note was subsequently repaid). The 6,217,635 warrants purchased had exercise prices of \$15.00 per share (as to 3,706,667 shares) and \$30.00 per share (as to 2,510,968 shares).

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: April 10, 1996 By: /s/ JEFFERY A. SMISEK

Jeffery A. Smisek
Senior Vice President,
General Counsel and Secretary