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

FORM 10-Q/A-1

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

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 0-9781

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 X No _____

____

As of July 16, 1999, 11,406,580 shares of Class A common stock and 61,079,850 shares of Class B common stock were outstanding.

ITEM 1. FINANCIAL STATEMENTS are amended and restated in their entirety as follows:

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	Three Months Ended June 30, 1999 (Unaudited)	Three Months Ended June 30, 1998 (Unaudited)	Six Months Ended June 30, 1999 (Unaudited)	Six Months Ended June 30, 1998 (Unaudited)
Operating Revenue:				
Passenger	$2,028	$1,888	$3,928	$3,602
Cargo and mail.	70	68	137	136
Other	100	80	189	152
	2,198	2,036	4,254	3,890
Operating Expenses:				
Wages, salaries and related costs.	622	521	1,238	1,018
Aircraft rentals. . . .	189	162	373	318

Maintenance, materials and repairs	155	152	298	305
Aircraft fuel	154	183	304	373
Commissions	142	152	285	293
Other rentals and landing fees	121	99	235	200
Depreciation and amortization	88	72	173	140
Other	471	415	932	813
	1,942	1,756	3,838	3,460
Operating Income	256	280	416	430
Nonoperating Income (Expense):				
Interest expense	(57)	(44)	(110)	(84)
Interest capitalized	16	15	29	28
Interest income	15	14	30	26
Other, net	(4)	10	9	12
	(30)	(5)	(42)	(18)

(continued on next page)

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	(Unaudited)		(Unaudited)	
Income before Income Taxes, Cumulative Effect of a Change in Accounting Principle and Extraordinary Charge	$ 226	$ 275	$ 374	$ 412
Income Tax Provision	(89)	(105)	(147)	(157)
Distributions on Preferred Securities of Trust, Net of Applicable Income Taxes of $2 and $4, respectively	-	(3)	-	(7)
Income before Cumulative Effect of a Change in Accounting Principle and Extraordinary Charge	137	167	227	248
Cumulative Effect of a Change in Accounting Principle, Net of Applicable Income Taxes of $3	-	-	(6)	-
Extraordinary Charge, Net of Applicable Income Taxes of $2	-	(4)	-	(4)
Net Income	$ 137	$ 163	$ 221	$ 244

(continued on next page)

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

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
	(Unaudited)		(Unaudited)	
Earnings per Common Share:				
Income Before Cumulative Effect of Change in Accounting Principle and Extraordinary Charge.	$ 1.93	$ 2.74	$ 3.25	$ 4.13
Cumulative Effect of a Change in Accounting Principle, net of tax	-	-	(0.08)	-
Extraordinary Charge, net of tax.	-	(0.06)	-	(0.05)
Net Income	$ 1.93	$ 2.68	$ 3.17	$ 4.08
Earnings per Common Share Assuming Dilution:				
Income Before Cumulative Effect of Change in Accounting Principle and Extraordinary Charge.	$ 1.80	$ 2.11	$ 2.98	$ 3.16
Cumulative Effect of a Change in Accounting. Principle, net of tax	-	-	(0.07)	-
Extraordinary Charge, net of tax.	-	(0.05)	-	(0.04)
Net Income	$ 1.80	$ 2.06	$ 2.91	$ 3.12

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

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

ASSETS	June 30, 1999 (Unaudited)	December 31, 1998
Current Assets:		
Cash and cash equivalents, including restricted cash and cash equivalents of $11	$1,259	$1,399

Accounts receivable, net.	496	449
Spare parts and supplies, net	207	166
Deferred income taxes	234	234
Prepayments and other	175	106
Total current assets	2,371	2,354
Property and Equipment:		
Owned property and equipment:		
Flight equipment	3,181	2,459
Other.	765	632
	3,946	3,091
Less: Accumulated depreciation.	727	625
	3,219	2,466
Purchase deposits for flight equipment	538	410
Capital leases:		
Flight equipment.	372	361
Other	57	56
	429	417
Less: Accumulated amortization	192	178
	237	239
Total property and equipment	3,994	3,115
Other Assets:		
Routes, gates and slots, net.	1,156	1,181
Investments	152	151
Other assets, net	270	285
Total other assets	1,578	1,617
Total Assets.	$7,943	$7,086

(continued on next page)

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

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 1999 (Unaudited)	December 31, 1998
Current Liabilities:		
Current maturities of long-term debt. . .	$ 189	$ 184
Current maturities of capital leases. . .	46	47
Accounts payable.	827	843
Air traffic liability	1,037	854
Accrued payroll and pensions.	221	265
Accrued other liabilities	244	249
Total current liabilities.	2,564	2,442
Long-Term Debt	2,630	2,267
Capital Leases	208	213
Deferred Credits and Other Long-Term Liabilities:		
Deferred income taxes	521	372
Accruals for aircraft retirements and excess facilities.	77	95
Other	328	393
Total deferred credits and other long-term liabilities	926	860
Commitments and Contingencies		
Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Convertible Subordinated		

Debentures.	-	111

(continued on next page)

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

	June 30, 1999 (Unaudited)	December 31, 1998
Common Stockholders' Equity:		
Class A common stock - $.01 par, 50,000,000 shares authorized; 11,406,580 and 11,406,732 shares issued and outstanding in 1999 and 1998, respectively	$ -	$ -
Class B common stock - $.01 par, 200,000,000 shares authorized; 63,923,431 and 53,370,741 shares issued, respectively	1	1
Additional paid-in capital	872	634
Retained earnings	880	659
Accumulated other comprehensive income. .	(69)	(88)
Treasury stock - 1,783,413 and 399,524 Class B shares, respectively, at cost. .	(69)	(13)
Total common stockholders' equity. . . .	1,615	1,193
Total Liabilities and Stockholders' Equity	$7,943	$7,086

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

CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Six Months Ended June 30, 1999	1998
	(Unaudited)	
Net cash provided by operating activities	$ 398	$ 549
Cash Flows from Investing Activities:		
Purchase deposits paid in connection with future aircraft deliveries	(685)	(361)
Purchase deposits refunded in connection with aircraft delivered	522	287
Capital expenditures	(313)	(311)
Proceeds from sale of investments	20	9
Purchase of short-term investments	-	(117)
Investment in Partner Airlines	-	(53)
Other	(9)	(6)
Net cash used by investing activities	(465)	(552)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net	230	395
Payments on long-term debt and capital lease obligations	(159)	(301)
Purchase of Class B common stock	(171)	(120)
Proceeds from issuance of common stock	19	44
Dividends paid on preferred securities of trust	-	(11)
Other	8	39
Net cash (used) provided by financing activities	(73)	46
Net (Decrease) Increase in Cash and Cash Equivalents	(140)	43
Cash and Cash Equivalents - Beginning of Period (A)	1,388	1,010
Cash and Cash Equivalents - End of Period (A)	$1,248	$1,053

(continued on next page)

CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	Six Months Ended June 30, 1999	1998
	(Unaudited)	
Supplemental Cash Flow Information:		
Interest paid	$ 101	$ 72
Income taxes paid	$ 8	$ 4
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	$ 501	$ 263
Capital lease obligations incurred	$ 21	$ 109
Conversion of trust originated preferred securities	$ 111	$ -
Conversion of 6-3/4% Convertible Subordinated Notes	$ 230	$ -

(A) Excludes restricted cash of $11 million and $15 million at January 1, 1999 and 1998, respectively, and $11 million and $14 million at June 30, 1999 and 1998, respectively.

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

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

In the opinion of management, the unaudited consolidated financial statements included herein contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Such adjustments 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 the Annual Report of Continental Airlines, Inc. (the "Company" or "Continental") on Form 10-K for the year ended December 31, 1998 (the "1998 10-K").

Certain reclassifications have been made in the prior year's financial statements to conform to the current year presentation.

NOTE 1 - EARNINGS PER SHARE

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

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Numerator:				
Income before cumulative effect of change in accounting principle and extraordinary charge	$137	$167	$227	$248
Cumulative effect of change in accounting principle, net of applicable income taxes. . . .	-	-	(6)	-
Extraordinary charge, net of applicable income taxes. . . .	-	(4)	-	(4)
Numerator for basic earnings per share - net income	137	163	221	244
Effect of dilutive securities:				
Preferred Securities of Trust .	-	3	-	7
6-3/4% convertible subordinated notes.	1	2	3	4
	1	5	3	11
Numerator for diluted earnings per share - net income after assumed conversions.	$138	$168	$224	$255
Denominator:				
Denominator for basic earnings per share - weighted-average shares	70.9	60.7	69.7	59.9
Effect of dilutive securities:				
Employee stock options	1.7	2.0	1.5	2.0
Warrants	-	0.7	-	1.7
Preferred Securities of Trust.	-	10.3	0.1	10.3
6-3/4% convertible subordinated notes	4.2	7.6	5.9	7.6
Dilutive potential common shares.	5.9	20.6	7.5	21.6
Denominator for diluted earnings per share - adjusted weighted-average and assumed conversions.	76.8	81.3	77.2	81.5

NOTE 2 - INCOME TAXES

Income taxes for the three and six months ended June 30, 1999 and 1998 were provided at the estimated annual effective tax rate. Such rate differs from the federal statutory rate of 35%, primarily due to state income taxes and the effect of certain expenses that are not deductible for income tax purposes.

At December 31, 1998, the Company had estimated net operating losses ("NOLs") of $1.1 billion for federal income tax purposes that will expire through 2009 and federal investment tax credit carryforwards of $45 million that will expire through 2001. As a result of a change in ownership of the Company on April 27, 1993, the ultimate utilization of the Company's NOLs and investment tax credits may be limited. Reflecting this limitation, the Company recorded a valuation allowance of $263 million as of December 31, 1998.

To the extent the Company were to determine in the future that additional NOLs of the Company's predecessor could be recognized in the accompanying consolidated financial statements, such benefit would reduce routes, gates and slots.

NOTE 3 - COMPREHENSIVE INCOME

The Company includes unrealized gains and losses on available-for-sale securities, changes in minimum pension liabilities and changes in the fair value of derivative financial instruments which qualify for hedge accounting in other comprehensive income. During the second quarter of 1999 and 1998, total comprehensive income amounted to $128 and $158 million, respectively. For the six months ended 1999 and 1998, total comprehensive income amounted to $240 million and $243 million, respectively. The significant difference between net income and total comprehensive income during the first half of 1999 was attributable to the $17 million net increase in fair value (net of applicable income taxes and hedge ineffectiveness) related to petroleum swap contracts and call options held by the Company as of June 30, 1999 to hedge a portion of anticipated jet fuel purchases through October 1999.

NOTE 4 - CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

Continental adopted Statement of Position 98-5, "Reporting on the Costs of Start-Up Activities ("SOP 98-5)") in the first quarter of 1999. SOP 98-5 amended Statement of Position 88-1, "Accounting for Developmental and Preoperating Costs, Purchases and Exchanges of Take-Off and Landing Slots, and Airframe Modifications" by requiring preoperating costs related to the integration of new types of aircraft to be expensed as incurred and requiring all unamortized start-up costs (e.g., pilot training costs related to induction of new aircraft) to be expensed upon adoption. This resulted in the Company recording a $6 million cumulative effect of a change in accounting principle, net of tax, in the first quarter of 1999.

NOTE 5 - PREFERRED SECURITIES OF TRUST

In December 1998, the Company called for redemption its remaining 8-1/2% Convertible Trust Originated Preferred Securities ("TOPrS") then outstanding. As a result, the remaining 2,298,327 TOPrS were converted into 4,752,522 shares of Class B common stock during January 1999.

NOTE 6 - 6-3/4% CONVERTIBLE SUBORDINATED NOTES DUE 2006

On April 15, 1999, the Company exercised its right and called for redemption on May 25, 1999, all $230 million of its 6-3/4% Convertible Subordinated Notes due 2006. The notes were converted into 7,617,120 shares of Class B common stock during May 1999.

NOTE 7 - REGULATORY MATTERS

The Company recently received approval from the Port Authority of New York and New Jersey for a major facility expansion at Newark International Airport ("Newark"). Major construction is scheduled to begin in August 1999 and to be completed in 2002.

As more fully described in the Risk Factors section of the Company's 1998 10-K, airlines are subject to extensive regulatory and legal compliance requirements that engender significant costs and in some cases reduce revenue. For instance, "passenger bill of rights" legislation has been introduced in Congress that would, among other things, require the payment of compensation to passengers as a result of certain delays, and limit the ability of carriers to prohibit or restrict usage of certain tickets in manners currently prohibited or restricted. The Department of Transportation (the "DOT") has proposed rules that would significantly limit major carriers' ability to compete with new entrant carriers. If adopted, these measures could have the effect of raising ticket prices, reducing revenue and increasing costs.

The Federal Aviation Administration has designated John F. Kennedy International Airport ("John F. Kennedy"), New York LaGuardia Airport ("LaGuardia"), Chicago O'Hare International Airport ("O'Hare") and Ronald Reagan Washington National Airport in Washington, D.C. ("Reagan National") as "high density traffic airports" and has limited the number of departure and arrival slots at those airports. Currently, such slots may be voluntarily sold or transferred between carriers. The DOT has in the past reallocated slots to other carriers and reserves the right to withdraw slots. Various amendments to the slot system proposed from time to time could, if adopted, significantly affect operations at high density traffic airports, significantly change the value of the slots, grant slots to other carriers or for route or aircraft specific usage, expand slots to other airports or eliminate slots entirely. The DOT has proposed the elimination of slot restrictions at high density airports other than Reagan National. Legislation containing a similar proposal which could eliminate slots as early as 2002 at O'Hare and 2007 at LaGuardia and John F. Kennedy, and which doubles the maximum passenger facilities charges permitted to be charged by airport authorities, has passed the full House of Representatives. The Company cannot predict whether any of these proposals will be adopted. However, if legislation or regulation eliminating slots is adopted, the value of such slots could be deemed to be permanently impaired, resulting in a loss being charged to earnings for the relevant period. Moreover, the elimination of slots could have an adverse effect upon future results of operations of the Company.

NOTE 8 - OTHER

On January 5, 1999, the Company's mechanics ratified an initial three-year collective bargaining agreement between the Company and the International Brotherhood of Teamsters ("IBT"). The contract becomes amendable in January 2002.

In February 1999, the Company completed an offering of $806 million of pass-through certificates to be used to finance (either through leveraged leases or secured debt financings) the debt portion of the acquisition cost of 22 aircraft scheduled to be delivered from March 1999 through September 1999.

The Company holds a membership interest in The SITA Foundation ("SITA"), an organization providing data communication services to the airline industry. SITA's primary asset is an ownership interest in Equant N.V. ("Equant"). In February 1999, SITA sold a portion of its Equant interest in a secondary public offering and distributed the pro rata proceeds to certain of its members (including Continental) that elected to participate in the offering. Continental recorded a gain of $20 million ($12 million after tax) related to this transaction. The gain is included in other nonoperating income (expense) in the accompanying consolidated statement of operations.

In March 1999, the Company obtained a $160 million Credit Facility, with a maturity date of March 2001, to finance pre-delivery deposits for certain new Boeing aircraft to be delivered between March 1999 and March 2002.

On April 15, 1999, the Company announced a $500 million increase in the size of its common stock repurchase program, bringing the total size of the program to $800 million. As of July 16, 1999, the Company had repurchased 9,812,200 shares of Class B common stock for $437 million.

In May 1999, the Company completed an offering of $742 million of pass-through certificates to be used to finance (through either leveraged leases or secured debt financings) the debt portion of the acquisition cost of 21 new Boeing aircraft scheduled for delivery from July 1999 to December 1999.

In July 1999, a tentative initial agreement was reached between Continental Express, Inc. ("Express"), a wholly owned subsidiary of the Company, and the IBT, which represents Express's mechanics. The IBT will now present the tentative agreement to the covered employees for ratification, a process that is expected to be completed by mid-August 1999. If ratified, the agreement will become amendable in January 2003.

During the three months ended June 30, 1999, the Company recognized approximately a $36 million gain on its fuel hedging program. The gain is included in fuel expense in the accompanying consolidated statement of operations.

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 23, 1999 by: /s/ Lawrence W. Kellner
Lawrence W. Kellner
Executive Vice President and
Chief Financial Officer
(On behalf of Registrant)

Date: July 23, 1999 /s/ Michael P. Bonds
Michael P. Bonds
(Chief Accounting Officer)