

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 MARCH 31, 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

(State or other jurisdiction
of incorporation or organization)

74-2099724

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

1600 Smith Street, Dept. HQSE0
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

As of April 15, 1999, 11,406,732 shares of Class A common stock and 56,869,435 shares of Class B common stock were outstanding.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	Three Months Ended March 31, 1999 1998 (Unaudited)	
Operating Revenue:		
Passenger	\$1,900	\$1,714
Cargo and mail.	67	68
Other	89	72
	2,056	1,854
Operating Expenses:		
Wages, salaries and related costs	616	497
Aircraft rentals.	184	156
Aircraft fuel	150	190
Commissions	143	141
Maintenance, materials and repairs.	143	153
Other rentals and landing fees.	114	101

Depreciation and amortization	85	68
Other	461	398
	1,896	1,704
Operating Income	160	150
Nonoperating Income (Expense):		
Interest expense	(53)	(40)
Interest income	15	12
Interest capitalized	13	13
Other, net	13	2
	(12)	(13)

(continued on next page)

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

	Three Months Ended March 31, 1999 1998 (Unaudited)	
Income before Income Taxes and Cumulative Effect of a Change in Accounting Principle.	\$ 148	\$ 137
Income Tax Provision	(58)	(52)
Distributions on Preferred Securities of Trust, net of applicable income taxes of \$2 in 1998	-	(4)
Income before Cumulative Effect of a Change in Accounting Principle.	90	81
Cumulative Effect of a Change in Accounting Principle, net of applicable income taxes of \$3 in 1999	(6)	-
Net Income	\$ 84	\$ 81
Earnings per Common Share:		
Income Before Cumulative Effect of Change in Accounting Principle	\$ 1.32	\$ 1.38
Cumulative Effect of a Change in Accounting Principle, net of tax	(0.09)	-
Net Income.	\$ 1.23	\$ 1.38
Earnings per Common Share Assuming Dilution:		
Income Before Cumulative Effect of a Change in Accounting Principle. . . .	\$ 1.19	\$ 1.06
Cumulative Effect of a Change in Accounting Principle, net of tax. . . .	(0.08)	-
Net Income	\$ 1.11	\$ 1.06

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	March 31, 1999 (Unaudited)	December 31, 1998
Current Assets:		
Cash and cash equivalents, including restricted cash and cash equivalents of \$11	\$1,397	\$1,399
Accounts receivable, net.	534	449
Spare parts and supplies, net	187	166
Deferred income taxes	234	234
Prepayments and other	177	106
Total current assets	2,529	2,354
Property and Equipment:		
Owned property and equipment:		
Flight equipment	2,800	2,459
Other.	688	632
	3,488	3,091
Less: Accumulated depreciation.	674	625
	2,814	2,466
Purchase deposits for flight equipment	431	410
Capital leases:		
Flight equipment.	375	361
Other	57	56
	432	417
Less: Accumulated amortization	189	178
	243	239
Total property and equipment	3,488	3,115
Other Assets:		
Routes, gates and slots, net.	1,169	1,181
Investments	151	151
Other assets, net	268	285
Total other assets	1,588	1,617
Total Assets.	\$7,605	\$7,086

(continued on next page)

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

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 1999 (Unaudited)	December 31, 1998
Current Liabilities:		
Current maturities of long-term debt. . .	\$ 161	\$ 184
Current maturities of capital leases. . .	48	47
Accounts payable.	745	843
Air traffic liability	1,037	854
Accrued payroll and pensions.	259	265
Accrued other liabilities	251	249
Total current liabilities.	2,501	2,442
Long-Term Debt	2,598	2,267
Capital Leases	212	213
Deferred Credits and Other Long-Term Liabilities:		
Deferred income taxes	439	372
Accruals for aircraft retirements and excess facilities.	89	95
Other	379	393
Total deferred credits and other long-term liabilities	907	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)

	March 31, 1999 (Unaudited)	December 31, 1998
Common Stockholders' Equity:		
Class A common stock - \$.01 par, 50,000,000 shares authorized; 11,406,732 shares issued and outstanding.	\$ -	\$ -
Class B common stock - \$.01 par, 200,000,000 shares authorized; 57,789,644 and 53,370,741 shares issued, respectively	1	1
Additional paid-in capital	733	634
Retained earnings	744	659
Accumulated other comprehensive income. .	(60)	(88)
Treasury stock - 871,100 and 399,524 Class B shares, respectively, at cost. .	(31)	(13)
Total common stockholders' equity. . . .	1,387	1,193
Total Liabilities and Stockholders' Equity	\$7,605	\$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)

Three Months
Ended March 30,
1999 1998
(Unaudited)

Cash Flows From Operating Activities:		
Net income	\$ 84	\$ 81
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	66	45
Deferred income taxes	55	50
Amortization	19	23
Gain on sale of investments	(20)	-
Cumulative effect of a change in accounting principle, net	6	-
Other, net	(5)	(6)
Changes in operating assets and liabilities:		
Increase in air traffic liability	183	146
Decrease in accounts payable	(98)	(116)
Increase in accounts receivable	(89)	(95)
Increase in prepayments and other current assets	(71)	(21)
Other	(4)	(7)
Net cash provided by operating activities	126	100
Cash Flows from Investing Activities:		
Purchase deposits paid in connection with future aircraft deliveries	(260)	(171)
Purchase deposits refunded in connection with aircraft delivered	223	116
Capital expenditures	(150)	(139)
Purchase of short-term investments	-	(184)
Proceeds from sale of investments	20	-
Other	12	(8)
Net cash used by investing activities	(155)	(386)

(continued on next page)

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

	Three Months Ended March 31, 1999 1998 (Unaudited)	
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net.	\$ 168	\$ -
Payments on long-term debt and capital lease obligations.	(112)	(63)
Purchase of Class B common stock.	(39)	(26)
Dividends paid on preferred securities of trust	-	(6)
Other	10	24
Net cash provided (used) by financing activities.	27	(71)
Net Decrease in Cash and Cash Equivalents.	(2)	(357)
Cash and Cash Equivalents - Beginning of Period (A)	1,388	1,010
Cash and Cash Equivalents - End of Period (A).	\$1,386	\$ 653
Supplemental Cash Flow Information:		
Interest paid	\$ 32	\$ 25
Income taxes paid	\$ 2	\$ 2
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	\$ 237	\$ 154
Capital lease obligations incurred.	\$ 14	\$ 53
Conversion of trust originated preferred securities	\$ 111	\$ -

(A) Excludes restricted cash of \$11 million and \$15 million at January 1, 1999 and 1998, respectively, and \$11 million and \$16 million at March 31, 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	
	March 31,	
	1999	1998
Numerator:		
Income before cumulative effect of change in accounting principle . . .	\$ 90	\$ 81
Cumulative effect of change in accounting principle, net of applicable income taxes.	(6)	-
Net income.	84	81
Numerator for basic earnings per share - income available to common stockholders	84	81
Effect of dilutive securities:		
Preferred Securities of Trust	-	3
6-3/4% convertible subordinated notes.	2	2
	2	5
Numerator for diluted earnings per share - income available to common stockholders after assumed conversions.	\$ 86	\$ 86
Denominator:		
Denominator for basic earnings per share - weighted-average shares	68.5	58.9
Effect of dilutive securities:		
Employee stock options	1.3	2.0
Warrants	-	2.7
Preferred Securities of Trust. . . .	0.3	10.3
6-3/4% convertible subordinated notes	7.6	7.6
Dilutive potential common shares.	9.2	22.6
Denominator for diluted earnings per share - adjusted weighted-average and assumed conversions.	77.7	81.5

NOTE 2 - INCOME TAXES

Income taxes for the three months ended March 31, 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 or 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 first quarters of 1999 and 1998, total comprehensive income amounted to \$112 million and \$84 million, respectively. The significant difference between net income and total comprehensive income during the first quarter of 1999 was attributable to the \$22 million increase in fair value (net of applicable income taxes and hedge ineffectiveness) related to petroleum swap contracts held by the Company as of March 31, 1999 to hedge a portion of anticipated jet fuel purchases through September 30, 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 the remaining 8-1/2% Convertible Trust Originated Preferred Securities ("TOPrS") outstanding. As a result of the call, the remaining 2,298,327 TOPrS were converted into 4,752,522 shares of Class B common stock during January 1999.

NOTE 6 - REGULATORY MATTERS

Continental has previously disclosed its plans for a major facility expansion at Newark International Airport ("Newark") which would require, among other matters, agreements to be reached with the applicable airport authority and significant tax-exempt bond financing for the project. An ongoing dispute between the executive branches of the states of New Jersey and New York has delayed the approval by the Board of Commissioners of the Port Authority of New York and New Jersey of the proposed expansion and, consequently, financing therefor. The Company's plans for future growth of its Newark hub could be delayed if the dispute is not timely resolved, and the Company could be forced to alter such plans, including the anticipated usage and size of its aircraft fleet, if a suitable agreement is not reached in a timely fashion.

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, New York LaGuardia Airport, Chicago O'Hare International Airport 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, 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 is currently pending consideration before 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 7 - 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 (through either 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 which provides data communication services to the airline industry. SITA's primary asset is its ownership in Equant N.V. ("Equant"). In February 1999, SITA sold

a portion of its interest in Equant 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 completed 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.

Also in March 1999, a tentative initial agreement was reached between Continental Express, Inc. ("Express"), a wholly owned subsidiary of the Company, and its mechanics, which are represented by the IBT. If ratified, the agreement will become amendable in January 2003.

NOTE 8 - SUBSEQUENT EVENTS

On April 15, 1999, the Company announced a \$500 million increase in the size of its stock repurchase program, bringing the total size of the program to \$800 million. As of April 15, 1999, the Company had repurchased 5,632,100 shares of Class B common stock for \$266 million under this program.

Also 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 are convertible into shares of Class B common stock at a conversion price of \$30.195 per share. The \$230 million of notes, unless earlier converted, will be redeemed for 104.725 percent of their principal amount plus accrued interest to the date of redemption.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS.

The following discussion may contain forward-looking statements. In connection therewith, please see the risk factors set forth in the Company's 1998 10-K which identify important factors such as the Company's leverage and its liquidity, its history of operating losses, the cost of aircraft fuel, labor matters, certain tax matters, regional and global economic downturns, the significant ownership interest of Northwest Airlines in the Company and risks relating to the Company's strategic alliance with Northwest Airlines, year 2000 computer risk, competition and industry conditions, regulatory matters and the seasonal nature of the airline business, that could cause actual results to differ materially from those in the forward-looking statements.

Continental's results of operations are impacted by seasonality (the second and third quarters are generally stronger than the first and fourth quarters) as well as numerous other factors that are not necessarily seasonal, including the extent and nature of competition from other airlines, employee job actions (including at other airlines), fare sale activities, excise and similar taxes, changing levels of operations, fuel prices, foreign currency exchange rates, changes in regulations and aviation treaties and general economic conditions. Although the results in Asia of Continental Micronesia, Inc. ("CMI"), a wholly owned subsidiary of the Company, have declined in recent years, the Company successfully redeployed CMI capacity into the stronger U.S. domestic markets and CMI's recent results have improved. In addition, the Company believes it is well positioned to respond to market conditions in the event of a sustained economic downturn for the following reasons: underdeveloped hubs with strong local traffic; a flexible fleet plan; a strong cash balance, a \$225 million unused revolving credit facility and a well developed alliance network.

RESULTS OF OPERATIONS

The following discussion provides an analysis of the Company's results of operations and reasons for material changes therein for the three months ended March 31, 1999 as compared to the corresponding period in 1998.

The Company recorded consolidated net income of \$84 million for the first quarter of 1999 as compared to consolidated net income of \$81 million for the three months ended March 31, 1998. Net income for the first quarter of 1999 included the cumulative effect of a change in accounting principle charge (\$6 million, net of taxes) related to the write-off of pilot training costs.

Passenger revenue increased 10.9%, \$186 million, during the first quarter ended March 31, 1999 as compared to the same period in 1998, which was principally due to a 13.8% increase in revenue passenger miles, partially offset by a 3.4% decrease in yield. The Company estimates that passenger revenue increased by \$19 million due to a significant number of flight cancellations at one of its competitors. The decrease in yield was due to lower industry-wide fare levels and a 6.7% increase in average stage length.

Other operating revenue increased 23.6%, \$17 million, primarily due to an increase in revenue related to the Company's frequent flyer program, OnePass.

Wages, salaries and related costs increased 23.9%, \$119 million, during the quarter ended March 31, 1999 as compared to the same period in 1998, primarily due to a 10.0% increase in average full-time equivalent employees to support increased flying, increased on-time bonus payments and higher wage rates resulting from the Company's decision to increase employee wages to industry standards by the year 2000.

Aircraft rentals increased 18.0%, \$28 million, due to the delivery of new aircraft.

Aircraft fuel expense decreased 21.1%, \$40 million, in the three months ended March 31, 1999 as compared to the same period in the prior year. The average price per gallon decreased 25.4% from 51.79 cents in the first quarter of 1998 to 38.62 cents in the first quarter of 1999. This reduction was partially offset by a 5.4% increase in the quantity of jet fuel used, principally reflecting increased capacity. See "Fuel Hedging" below.

Maintenance, materials and repairs decreased 6.5%, \$10 million, during the quarter ended March 31, 1999 as compared to the same period in 1998 due to newer aircraft and the volume and timing of engine overhauls as part of the Company's ongoing maintenance program.

Other rentals and landing fees increased 12.9%, \$13 million, primarily due to higher facilities rent and landing fees resulting from increased operations.

Depreciation and amortization expense increased 25.0%, \$17 million, in the first quarter of 1999 compared to the first quarter of 1998 due principally to the addition of new aircraft and related spare parts. These increases were partially offset by a \$2 million reduction in the amortization of routes, gates and slots resulting from the recognition of previously unbenefited NOLs during 1998.

Other operating expense increased 15.8%, \$63 million, in the three months ended March 31, 1999 as compared to the same period in the prior year, as a result of increases in passenger and aircraft servicing expense, reservations and sales expense and other miscellaneous expense, resulting primarily from a 20.9% increase in enplanements.

Interest expense increased 32.5%, \$13 million, due to an increase in long-term debt resulting from the purchase of new aircraft.

The Company's other nonoperating income (expense) in 1999 includes a \$20 million gain on the sale of a portion of the Company's indirect interest in Equant, partially offset by foreign currency losses of \$6 million, principally the Brazilian Real.

Certain Statistical Information

An analysis of statistical information for Continental's jet operations, excluding regional jet operations, for the periods indicated is as follows:

	Three Months Ended March 31,		Net Increase/ (Decrease)
	1999	1998	
Revenue passenger miles (millions) (1)	13,737	12,072	13.8 %
Available seat miles (millions) (2)	19,225	17,523	9.7 %
Passenger load factor (3)	71.5%	68.9%	2.6 pts.
Breakeven passenger load factor (4)	63.5%	60.6%	2.9 pts.
Passenger revenue per available seat mile (cents)	9.13	9.12	0.1 %
Total revenue per available seat mile (cents)	10.04	10.01	0.3 %
Operating cost per available seat mile (cents)	9.21	9.14	0.8 %
Average yield per revenue passenger mile (cents) (5)	12.78	13.23	(3.4)%
Average fare per revenue passenger	\$144.23	\$154.88	(6.9)%
Revenue passengers (thousands)	12,174	10,072	20.9 %
Average length of aircraft flight (miles)	1,083	1,015	6.7 %
Average daily utilization of each aircraft (hours) (6)	10:11	10:13	(0.3)%
Actual aircraft in fleet at end of period (7)	365	346	5.5 %

Continental has entered into block-space arrangements with certain other carriers whereby one or both of the carriers is obligated to purchase capacity on the other. The table above excludes 699 million and 330 million available seat miles, and related revenue passenger miles and enplanements, operated by Continental but purchased and marketed by the other carrier, and includes 232 million and 22 million available seat miles, and related revenue passenger miles and enplanements, operated by other carriers but purchased and marketed by Continental for the quarters ended March 31, 1999 and March 31, 1998, respectively.

- (1) The number of scheduled miles flown by revenue passengers.
- (2) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
- (3) Revenue passenger miles divided by available seat miles.
- (4) The percentage of seats that must be occupied by revenue passengers in order for the airline to break even on an income before income taxes basis, excluding nonrecurring charges, nonoperating items and other special items.

- (5) The average revenue received for each mile a revenue passenger is carried.
- (6) The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).
- (7) Excludes six all-cargo 727 aircraft at CMI in 1999 and 1998. During the first three months of 1999, the Company took delivery of 13 aircraft and removed 11 aircraft from service.

LIQUIDITY AND CAPITAL COMMITMENTS

In February 1999, the Company completed an offering of \$806 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 22 aircraft scheduled to be delivered from March 1999 through September 1999.

In March of 1999, the Company completed 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 stock repurchase program, bringing the total size of the program to \$800 million. As of April 15, 1999, the Company had repurchased 5,632,100 shares of Class B common stock for \$266 million under this program.

Also 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 are convertible into shares of Class B common stock at a conversion price of \$30.195 per share. The \$230 million of notes, unless earlier converted, will be redeemed for 104.725 percent of their principal amount plus accrued interest to the date of redemption.

As of March 31, 1999 and December 31, 1998, the Company had \$1.4 billion in cash and cash equivalents (excluding restricted cash of \$11 million). Net cash provided by operating activities increased \$26 million during the three months ended March 31, 1999 compared to the same period in the prior year primarily due to an improvement in operating income. Net cash used by investing activities decreased \$231 million for the three months ended March 31, 1999 compared to the same period in the prior year, primarily as a result of the purchase of short-term investments in the first quarter of 1998. Net cash provided by financing activities for the three months ended March 31, 1999 compared to the same period in the prior year increased \$98 million primarily due to an increase in proceeds from the issuance of long-term debt partially offset by an increase in payments on long-term debt and capital lease obligations.

Deferred Tax Assets. The Company had, as of December 31, 1998, deferred tax assets aggregating \$803 million, including \$372 million of NOLs and a valuation allowance of \$263 million. 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 further reduce routes, gates and slots.

As a result of NOLs, the Company will not pay United States federal income taxes (other than alternative minimum tax) until it has recorded approximately an additional \$1.1 billion of taxable income following December 31, 1998. 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.

On November 20, 1998, an affiliate of Northwest Airlines, Inc. completed its acquisition of certain equity of the Company previously held by Air Partners, L.P. and its affiliates, together with certain Class A common stock of the Company held by certain other investors, totaling 8,661,224 shares of Class A common stock (the "Air Partners Transaction"). Based on information currently available, the Company does not believe that the Air Partners Transaction resulted in an ownership change for purposes of Section

Purchase Commitments. Continental has substantial commitments for capital expenditures, including for the acquisition of new aircraft. As of April 15, 1999, Continental had agreed to acquire a total of 111 Boeing jet aircraft through 2005. The Company anticipates taking delivery of 61 Boeing jet aircraft in 1999 (13 of which were delivered during the first quarter of 1999 and financed through enhanced equipment trust certificates, with the Company purchasing nine of those aircraft and leasing the other four). Continental also has options for an additional 105 Boeing aircraft (exercisable subject to certain conditions). The estimated aggregate cost of the Company's firm commitments for Boeing aircraft is approximately \$5.2 billion. Continental currently plans to finance its new Boeing aircraft with a combination of enhanced pass through trust certificates, lease equity and other third party financing, subject to availability and market conditions. As of April 15, 1999, Continental had approximately \$787 million in financing arranged for such future Boeing deliveries. In addition, Continental has commitments or letters of intent for backstop financing for approximately one-third of the anticipated remaining acquisition cost of such Boeing deliveries. In addition, at April 15, 1999, Continental has firm commitments to purchase 32 spare engines related to the new Boeing aircraft for approximately \$167 million which will be deliverable through December 2004.

As of April 15, 1999, Express had firm commitments to acquire 34 Embraer ERJ-145 ("ERJ-145") 50-seat regional jets and 25 Embraer ERJ-135 ("ERJ-135") 37-seat regional jets, with options for an additional 125 ERJ-145 and 50 ERJ-135 aircraft exercisable through 2008. Express anticipates taking delivery of 19 ERJ-145 (three of which were delivered in the first quarter of 1999) and six ERJ-135 regional jets in 1999 and the remainder of its firm orders through the third quarter of 2001. Neither Express nor Continental will have any obligation to take any of the firm ERJ-145 aircraft that are not financed by a third party and leased to Continental.

Additional financing will be needed to satisfy the Company's capital commitments for other aircraft and aircraft-related expenditures such as engines, spare parts, simulators and related items. There can be no assurance that sufficient financing will be available for all aircraft and other capital expenditures not covered by firm financing commitments. Deliveries of new Boeing aircraft are expected to continue to increase aircraft rental, depreciation and interest costs while generating cost savings in the areas of maintenance, fuel and pilot training.

Continental expects its cash outlays for 1999 capital expenditures, exclusive of fleet plan requirements, to aggregate \$254 million, primarily relating to mainframe, software application and automation infrastructure projects, aircraft modifications and mandatory maintenance projects, passenger terminal facility improvements and office, maintenance, telecommunications and ground equipment. Continental's capital expenditures during the three months ended March 31, 1999 aggregated \$55 million, exclusive of fleet plan expenditures.

The Company expects to fund its future capital commitments through internally generated funds together with general Company financings and aircraft financing transactions. However, there can be no assurance that sufficient financing will be available for all aircraft and other capital expenditures not covered by firm financing commitments.

Year 2000.

The Year 2000 issue arises as a result of computer programs having been written using two digits (rather than four) to define the applicable year, among other problems. Any information technology ("IT") systems that have time-sensitive software might recognize a date using "00" as the year 1900 rather than the year 2000, which could result in miscalculations and system failures. The problem also extends to many "non-IT" systems; that is, operating and control systems that rely on embedded chip systems. In addition, the Company is at risk from Year 2000 failures on the part of third party-suppliers and governmental agencies with which the Company interacts.

The Company uses a significant number of computer software programs and embedded operating systems that are essential to its

operations. For this reason, the Company implemented a Year 2000 project in late 1996 so that the Company's computer systems would function properly in the year 2000 and thereafter. The Company's Year 2000 project involves the review of a number of internal and third-party systems. Each system is subjected to the project's five phases which consist of systems inventory, evaluation and analysis, modification implementation, user testing and integration compliance. The systems are currently in various stages of completion. The Company anticipates completing its review or modification implementation of systems in June 1999 and believes that, with modifications to its existing software and systems and/or conversions to new software, the Year 2000 issue will not pose significant operational problems for its computer systems.

The Company has also initiated communications and on-site visits with its significant suppliers, vendors and governmental agencies with which its systems interface and exchange data or upon which its business depends. The Company is coordinating efforts with these parties to minimize the extent to which its business may be vulnerable to their failure to remediate their own Year 2000 problems. The Company's business is dependent upon certain domestic and foreign governmental organizations or entities such as the Federal Aviation Administration ("FAA") that provide essential aviation industry infrastructure. There can be no assurance that the systems of such third parties on which the Company's business relies (including those of the FAA) will be modified on a timely basis. The Company's business, financial condition or results of operations could be materially adversely affected by the failure of its equipment or systems or those operated by other parties to operate properly beyond 1999. Although the Company currently has day-to-day operational contingency plans, management is in the process of updating these plans for possible Year 2000-specific operational requirements. To facilitate the completion of these plans, the Company has hired an outside consultant. The Company anticipates completing the revision of current contingency plans and the creation of additional contingency plans by September 1999. In addition, the Company will continue to monitor third-party (including governmental) readiness and will modify its contingency plans accordingly. While the Company does not currently expect any significant modification of its operations in response to the Year 2000 issue, in a worst-case scenario the Company could be required to alter its operations significantly.

The total cost of the Company's Year 2000 project (excluding internal payroll) is currently estimated at \$16-18 million and has been and will be funded through cash from operations. As of March 31, 1999, the Company had incurred and expensed approximately \$16 million relating to its Year 2000 project. The cost of the Year 2000 project is limited by the substantial outsourcing of the Company's systems and the significant implementation of new systems following the Company's emergence from bankruptcy. The costs of the Company's Year 2000 project and the date on which the Company believes it will be completed are based on management's best estimates and include assumptions regarding third-party modification plans. However, in particular due to the potential impact of third-party modification plans, there can be no assurance that these estimates will be achieved and actual results could differ materially from those anticipated.

Bond Financings. In July 1996, the Company announced plans to expand its gates and related facilities into Terminal B at Bush Intercontinental Airport, as well as planned improvements at Terminal C and the construction of a new automated people mover system linking Terminal B and Terminal C. In April 1997 and January 1999, the City of Houston completed the offering of \$190 million and \$46 million, respectively, aggregate principal amount of tax-exempt special facilities revenue bonds (the "IAH Bonds"). The IAH Bonds are unconditionally guaranteed by Continental. In connection therewith, the Company has entered into long-term leases (or amendments to existing leases) with the City of Houston providing for the Company to make rental payments sufficient to service the related tax-exempt bonds, which have a term no longer than 30 years. The majority of the Company's expansion project is expected to be completed during the summer of 1999.

Employees. In September 1997, the Company announced a plan to bring all employees to industry standard wages no later than the end of the year 2000. Wage increases began in 1997, and will continue to be phased in through 2000 as revenue, interest rates and rental rates reach industry standards.

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

In March 1999, a tentative initial agreement was reached between Express and its mechanics, which are represented by the IBT. If ratified, the agreement will become amendable in January 2003.

The International Association of Machinists is currently seeking to represent the Company and Express's approximately 8,000 fleet service employees. The National Mediation Board has determined that a sufficient showing of interest exists to proceed with an election. Ballots for the election will be sent to all eligible employees on April 30, 1999. Returns will be counted on June 4, 1999. The Company does not expect this organizing effort to have a material adverse impact on the Company or its relations with its airport service employees.

Fuel Hedging.

The Company uses a combination of petroleum swap contracts, petroleum call options, and jet fuel purchase commitments to provide some short-term protection against a sharp increase in jet fuel prices. At December 31, 1998, the fair value of the Company's petroleum swap contracts, which hedged anticipated fuel purchases through March 31, 1999, was approximately \$6 million (loss). During the first quarter, the Company had entered into petroleum swap contracts to hedge jet fuel prices for approximately 50% of its anticipated fuel requirements through September 30, 1999, the fair value of which was approximately \$34 million at March 31, 1999. As of April 22, 1999, the fair value of the petroleum swap contracts was approximately \$44 million. The fair value has been recorded in other assets with the offset to other comprehensive income, net of applicable income taxes and hedge ineffectiveness.

Other.

Management believes that the Company's costs are likely to be affected in the future by (i) higher aircraft ownership costs as new aircraft are delivered, (ii) higher wages, salaries and related costs as the Company compensates its employees comparable to industry average, (iii) changes in the costs of materials and services (in particular, the cost of fuel, which can fluctuate significantly in response to global market conditions), (iv) changes in governmental regulations and taxes affecting air transportation and the costs charged for airport access, including new security requirements, (v) changes in the Company's fleet and related capacity and (vi) the Company's continuing efforts to reduce costs throughout its operations, including reduced maintenance costs for new aircraft, reduced distribution expense from using Continental's electronic ticket product and the internet for bookings, and reduced interest expense.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The information called for by this item is provided under the caption "Fuel Hedging" under Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations. Also see Item 7A. Quantitative and Qualitative Disclosures About Market Risk in Continental's 1998 10-K.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Following the announcement of the long-term global alliance with Northwest, the Air Partners Transaction and the related governance agreement between the Company and certain affiliates of Northwest (collectively, the "Northwest Transaction"), six separate lawsuits were filed against the Company and its Directors and certain other parties (the "Stockholder Litigation"). The complaints in the Stockholder Litigation generally alleged that the Company's Directors improperly accepted the Northwest Transaction in violation of their fiduciary duties owed to the stockholders of the Company. They further allege that Delta Air Lines, Inc. submitted a proposal to purchase the Company which, in the plaintiffs' opinion, was superior to the Northwest Transaction. On April 1, 1999, the plaintiffs voluntarily dismissed their lawsuit. On April 12, 1999, the judge approved the dismissal. Although the dismissal is without prejudice, so the plaintiffs could again file their claim, the Company does not expect them to do so.

ITEM 2. CHANGES IN SECURITIES.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

- 10.1 First Supplemental Special Facilities Lease Agreement dated as of March 1, 1998, and relating to the Special Facilities Lease Agreement dated as of October 24, 1997 by and between the Company and the City of Cleveland, Ohio regarding certain concourse expansion projects at Hopkins International Airport.
- 10.2 Amendment of Executive Bonus Program effective January 1, 1999.

10.3 Supplemental Agreement No. 15, including side letter, to Purchase Agreement No. 1783 between the Company and The Boeing Company ("Boeing"), effective April 27, 1993, relating to the purchase of Boeing 757 aircraft, dated February 18, 1999. (1)

10.4 Supplemental Agreement No. 9, including side letter, to Purchase Agreement No. 1951 between the Company and Boeing, dated July 23, 1996, relating to the purchase of Boeing 737 aircraft ("P.A. 1951"), dated February 18, 1999. (1)

10.4(a) Supplemental Agreement No. 10, including side letters, to P.A. 1951, dated March 19, 1999. (1)

10.5 Supplemental Agreement No. 4, including side letter, to Purchase Agreement No. 2061 between the Company and Boeing, dated October 10, 1997, relating to the purchase of Boeing 777 aircraft ("P.A. 2061"), dated February 3, 1999. (1)

10.5(a) Supplemental Agreement No. 5, including side letter, to P.A. 2061, dated March 26, 1999. (1)

27.1 Financial Data Schedule.

(1) The Company has applied to the Commission for confidential treatment of a portion of this exhibit.

(b) Reports on Form 8-K:

(i) Report dated February 8, 1999 with respect to Item 7. Financial Statements and Exhibits, related to the Offering of Continental Airlines, Inc.'s Pass Through Certificates Series 1999-1.

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

Date: April 23, 1999 /s/ Michael P. Bonds
Michael P. Bonds
Vice President and Controller
(Chief Accounting Officer)

INDEX TO EXHIBITS
OF
CONTINENTAL AIRLINES, INC.

- 10.1 First Supplemental Special Facilities Lease Agreement dated as of March 1, 1998, and relating to the Special Facilities Lease Agreement dated as of October 24, 1997 by and between the Company and the City of Cleveland, Ohio regarding certain concourse expansion projects at Hopkins International Airport.
- 10.2 Amendment of Executive Bonus Program effective January 1, 1999.
- 10.3 Supplemental Agreement No. 15, including side letter, to Purchase Agreement No. 1783 between the Company and The Boeing Company ("Boeing"), effective April 27, 1993, relating to the purchase of Boeing 757 aircraft, dated February 18, 1999. (1)
- 10.4 Supplemental Agreement No. 9, including side letter, to Purchase Agreement No. 1951 between the Company and Boeing, dated July 23, 1996, relating to the purchase of Boeing 737 aircraft ("P.A. 1951"), dated February 18, 1999. (1)
- 10.4(a) Supplemental Agreement No. 10, including side letters, to P.A. 1951, dated March 19, 1999. (1)
- 10.5 Supplemental Agreement No. 4, including side letter, to Purchase Agreement No. 2061 between the Company and Boeing, dated October 10, 1997, relating to the purchase of Boeing 777 aircraft ("P.A. 2061"), dated February 3, 1999. (1)
- 10.5(a) Supplemental Agreement No. 5, including side letter, to P.A. 2061, dated March 26, 1999. (1)
- 27.1 Financial Data Schedule.

(1) The Company has applied to the Commission for confidential treatment of a portion of this exhibit.

CLEVELAND HOPKINS INTERNATIONAL AIRPORT

FIRST SUPPLEMENTAL
SPECIAL FACILITIES LEASE AGREEMENT

WITH

CONTINENTAL AIRLINES, INC.

1997 Concourse Expansion

Dated as of

March 1, 1998

TABLE OF CONTENTS

	Page
Section 1. Use of Defined Terms	2
Section 2. Leased Premises; Existing Lease.	3
Section 3. Space in and Adjacent to Terminal Building .	3
Section 4. Indemnification-Bond Matters	3
Section 5. Baggage Handling System Special Premises . .	4
Section 6. Basic Rent	6
Section 7. Determination and Annual Adjustment of Basic Rent	6
Section 8. Damage or Destruction.	7
Section 9. Delivery of Possession	8
Section 10. Holding Over	9
Section 11. Indenture Section 5.02	9
Section 12. Cost Allocation; Budget; Maintenance and Repair	9
Section 13. Release of Leased Property	9
Section 14. No Personal Liability.	10
Section 15. Interpretation of Agreement.	10
Section 16. Entire Agreement; Amendment.	10
Section 17. Severability	10
Section 18. Recording; Memorandum of Lease	10
Section 19. Letter Agreement Dated February 19, 1998 . .	10
Section 20. Counterparts	10
Signatures	11
Exhibit A [Reserved]	
Exhibit B-1 Concourse D Special Premises	
Exhibit B-2 Concourse C Expansion Special Premises	

Exhibit B-3 [Reserved]
Exhibit B-4 [Reserved]
Exhibit B-5 Baggage Handling System Special Premises
Exhibit C Cost Allocation Policy
Exhibit D-1 Form of Disbursement Request -- From Bond Proceeds
Exhibit D-2 [Reserved]
Exhibit E [Reserved]
Exhibit F Maintenance and Repair Responsibilities
Exhibit G [Reserved]
Exhibit H [Reserved]
Exhibit I 1997 Concourse Expansion Budget
Exhibit J [Reserved]
Exhibit K [Reserved]
Exhibit L Letter Agreement Dated February 19, 1998

THIS FIRST SUPPLEMENTAL SPECIAL FACILITIES LEASE AGREEMENT ("Supplemental Agreement") is made and entered into as of this 1st day of March, 1998 upon the terms and conditions set forth herein, by and between the CITY OF CLEVELAND, a municipal corporation and political subdivision of the State of Ohio ("City"), and CONTINENTAL AIRLINES, INC., a corporation organized and existing under the laws of the State of Delaware and authorized to do business in the State of Ohio ("Airline"), to supplement the 1997 Special Facilities Lease defined and described below, under the following circumstances (capitalized words and terms in these preambles, unless stated otherwise or unless the context dictates otherwise, shall have the meanings given to them in Article I hereof):

WITNESSETH:

WHEREAS, City owns and operates Cleveland Hopkins International Airport ("Airport"); and

WHEREAS, the Council of City, pursuant to Ordinance No. 1585-A-76, passed on August 16, 1976, authorized City to enter into agreements and leases substantially in the form attached to that Ordinance as Exhibit A setting forth the terms on which certain airlines would lease portions of the Airport from City and be permitted to use the Airport's facilities; and

WHEREAS, the Council of City, pursuant to Ordinance No. 2551-A-82, passed on June 15, 1983, authorized City to enter into additional such agreements and leases with additional Scheduled Airlines (as defined therein); and

WHEREAS, pursuant to Ordinance Nos. 657-87 and 325-87, each passed by the Council of the City on March 30, 1987, City entered into an Agreement and Lease with Airline, dated as of May 15, 1987 (the "Original Lease"); and

WHEREAS, Section 20.20 of the Original Lease and Section 3(e) of Ordinance No. 1773-A-76, passed by the Council of City on August 16, 1976 permit City to issue Special Revenue Bonds to finance and refinance the construction of any Special Facilities (both as defined in the Original Lease); and

WHEREAS, pursuant to Ordinance No. 2044-97 (the "Bond Ordinance"), passed by the Council of City on January 26, 1998, the Council of City authorized City, among other things, to issue and deliver its \$75,120,000 Airport Special Revenue Bonds, Series 1998 (Continental Airlines, Inc. Project) (the "Bonds"); and

WHEREAS, pursuant to Ordinance No. 561-97, passed by the Council of City on June 2, 1997 the Council of City authorized City, among other things, to execute and deliver a Special Facilities Lease, and City and Airline did thereafter execute a Special Facilities Lease Agreement dated as of October 24, 1997 (the "1997 Special Facilities Lease") which 1997 Special Facilities Lease, among other things, secures repayment of bond service charges on the Bonds by Airline; and

WHEREAS, pursuant to the Bond Ordinance, the Council of City authorized City, among other things, to issue the Bonds for additional airport facilities, including certain Special Facilities not included in the 1997 Special Facilities Lease, and to execute and deliver this Supplemental Agreement, which is necessary and appropriate to consummate the transactions contemplated by the Bond Ordinance and the Bonds;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants, agreements and conditions contained herein, the parties hereto agree as follows:

Section 1. Use of Defined Terms. Unless otherwise defined herein and except as otherwise stated herein, all capitalized words and terms defined in the Original Lease or the 1997 Special Facilities Lease and used herein are used herein with the definition assigned to them in the Original Lease or the 1997 Special Facilities Lease, respectively, and upon the execution and delivery of this Supplemental Agreement, the term "Agreement" shall include and incorporate this Supplemental Agreement together with the 1997 Special Facilities Lease. The following words and terms are used herein with the following definitions, which definitions

supplement and amend the definitions set forth in Article I of the 1997 Special Facilities Lease:

"Baggage Handling System Special Premises" means that portion of the Continental Special Facilities relating to certain baggage handling system improvements, as more specifically described in Exhibit B-5 hereto.

"Baggage Handling System Term" means the term of this Agreement pertaining to the Baggage Handling System Special Premises.

"Bonds" means the City's \$75,120,000 Airport Special Revenue Bonds, Series 1998 (Continental Airlines, Inc. Project), dated as of March 1, 1998, issued to pay a portion of the Costs of the Facilities of the Project, as defined in the Bond Ordinance.

"Concourse C Expansion Special Premises" means that portion of the Continental Special Facilities located on or in Concourse C, as more specifically described in Exhibit B-2 to the 1997 Special Facilities Lease, as amended by Exhibit B-2 hereto.

"Concourse D Special Premises" means that portion of the Continental Special Facilities located on or in Concourse D, as more specifically described in Exhibit B-1 to the 1997 Special Facilities Lease, as amended by Exhibit B-1 hereto.

"Concourse Improvements" means the Concourse C Expansion Special Premises, the Concourse D Special Premises and, except as otherwise provided herein, the Baggage Handling System Special Premises.

"Commencement of Occupancy": (a) for purposes of determining the Term of the lease of each element of the Continental Special Facilities pursuant to Section 3.01 of this Agreement, means the date on which the construction of the applicable Continental Special Facilities (the Concourse C Expansion Special Premises, the Concourse D Special Premises, the Deicing Pad Special Premises, the Hydrant Fueling System Special Premises, or the Baggage Handling System Special Premises, as the case may be), together in each case with any associated GARB Improvements, has been substantially completed and such element is usable for its intended purposes; and (b) for purposes of the payment of Basic Rent for the Concourse D Special Premises and the Concourse C Expansion Special Premises, means the earlier of (i) the end of the capitalized interest period for the GARBs or (ii) the date on which construction of the Concourse D Special Premises or the Concourse C Expansion Special Premises, respectively, and, as to each, any associated GARB Improvements, has been substantially completed and the Concourse D Special Premises or the Concourse C Expansion Special Premises, respectively, is usable by Airline for its intended purposes; and (c) for purposes of payment of Basic Rent for the Baggage Handling System Special Premises, means the date on which the expansion of the Terminal Building to house the additional bag claim device to be known as carousel 11 is substantially completed and useable for baggage claim functions.

"Continental Special Facilities" means the Concourse D Special Premises (as more specifically described in Exhibit B-1 to the 1997 Special Facilities Lease, as amended by Exhibit B-1 hereto), the Concourse C Expansion Special Premises (as more specifically described in Exhibit B-2 to the 1997 Special Facilities Lease, as amended by Exhibit B-2 hereto), the Deicing Pad Special Premises (as more specifically described in Exhibit B-3 to the 1997 Special Facilities Lease), the Hydrant Fueling System Special Premises (as more specifically described in Exhibit B-4 to the 1997 Special Facilities Lease) and the Baggage Handling Special Premises (as more specifically described in Exhibit B-5 hereto), which premises shall, except as otherwise provided herein with respect to the Baggage Handling System Special Premises, be reserved for the exclusive use and control of Airline to service its passengers, customers and operations and shall not be open to, available for, or used by the general public and/or by the passengers, customers or operations of other airlines or persons.

Section 2. Leased Premises; Existing Lease. City, in consideration of the payment of Basic Rent, Bond Rent and Additional Bond Rent and the covenants and agreements stated in the 1997 Special Facilities Lease, as supplemented and amended by this Supplemental Agreement, agrees to lease the Continental Special Facilities to Airline, and does hereby confirm the lease made to

Airline pursuant to the 1997 Special Facilities Lease, as hereby amended and supplemented, and Airline acknowledges such lease of the Continental Special Facilities. The 1997 Special Facilities Lease shall remain in full force and effect as originally written, except as hereby supplemented and amended.

Section 3. Space in and Adjacent to Terminal Building. Section 2.02(a) of the 1997 Special Facilities Lease is hereby amended and restated to read in its entirety as follows:

"a. From and after its commencing to occupy the Concourse Improvements, Airline shall lease the following Concourse Improvements for the respective purposes shown:

Concourse C

- | | | |
|-----|-----------------|--------------------|
| (1) | Airline lounge | 10,548 square feet |
| (2) | Incident Center | 1,000 square feet |
| (3) | Group Lounge | 2,500 square feet |

Concourse D

- | | | |
|-----|---------------------------------------|--------------------|
| (4) | Holdroom, passenger and related space | 52,482 square feet |
| (5) | Concourse office and Operations space | 49,871 square feet |
| (6) | Ramp control tower | 1,927 square feet |

From and after commencing to occupy the Baggage Handling System Special Premises, Airline shall lease the following improvements in the Terminal Building for the respective purposes shown:

- | | | |
|-----|--|--------------------|
| (7) | Space housing bag claim carousel 11 and space housing lost baggage rooms | 4,000 square feet" |
|-----|--|--------------------|

Section 4. Indemnification - Bond Matters. (a) Airline agrees to indemnify and hold harmless City, its officers and employees and the members of the Council of City from any claims, liabilities, costs and expenses incurred on account of (i) the authorization, issuance, sale, redemption or servicing of the Bonds or the provision by Airline of any information or certification furnished in connection therewith (including, without limitation, any information furnished by Airline for and included in, or used as a basis for preparation of, any certifications, information statements or reports made or furnished by City or Airline to assure the exclusion of the interest on the Bonds from gross income for federal income tax purposes), or (ii) Airline's failure to comply with any requirement of this Agreement or the Code pertaining to the exclusion of the interest on the Bonds from gross income for federal income tax purposes. Nothing set forth in the preceding sentence shall be construed to affect the rights and/or obligations of Airline or City under the 1997 Special Facilities Lease.

(b) Airline agrees to indemnify the Trustee under the Indenture with respect to the Bonds for, and to hold it harmless against, all liabilities, claims, costs and expenses (including reasonable attorney's fees and expenses) incurred without negligence or willful misconduct on the part of the Trustee on account of any action taken or omitted to be taken by the Trustee in accordance with the terms of the Agreement, the Bonds or the Indenture, or any action taken at the request of or with the consent of Airline, including the costs and expenses of the Trustee in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Agreement, the Bonds or the Indenture.

Section 5. Baggage Handling System Special Premises.

(a) Lease Term. Paragraph (b) of Section 3.01 of the 1997 Special Facilities Lease is amended to add, following existing subparagraph 3.01(b)(4) thereof, the following subparagraph (5):

"The Baggage Handling System Term shall begin upon the Commencement of Occupancy of the Baggage Handling System Special Premises and, unless earlier terminated pursuant to any of the provisions of this Agreement, shall terminate on the earlier to occur of the following: (i) that date which is 80 percent of the

weighted average reasonably expected economic life of the Continental Special Facilities and Related Facilities; or (ii) 30 Years from the Commencement of Occupancy of the Baggage Handling System Special Premises."

(b) Construction, Operation and Maintenance of Baggage Handling System Special Premises. The Baggage Handling System Special Premises shall be constructed, operated and maintained as an element of the Continental Special Premises pursuant to and in accordance with the terms of the 1997 Special Facilities Lease (including but not limited to Articles V and VI thereof), as amended hereby. To facilitate disbursements from the Construction Fund to pay Costs of Facilities with respect to the Baggage Handling System Special Premises, Exhibit D-1 to the 1997 Special Facilities Lease is hereby amended and restated in its entirety as Exhibit D-1 hereto.

Airline agrees that in addition to the normal City review of plans and specifications for all improvements at the Airport, Airline and City will work cooperatively so that baggage claim or outbound baggage devices replaced or constructed by Airline and City at the Airport will be of identical kind, or at least comparable quality, to the baggage claim and outbound baggage devices being replaced or constructed by Airline. Airline will share information with City and will otherwise cooperate and coordinate in the design, construction and implementation phasing of such baggage systems toward the goal that the Airport as a whole will eventually have largely uniform and comparable quality baggage handling equipment; provided, however, nothing in this commitment shall require Airline to delay, subject to the necessary City approvals, the construction and use of the baggage systems to be financed with special revenue bonds.

Airline shall provide to the Director of Port Control of City and the Commissioner of Cleveland Hopkins International Airport, at the notice address provided for the Director of Port Control in Section 17.05 of the 1997 Special Facilities Lease, copies of all manufacturers' warranty, if any, maintenance and repair materials for the equipment and facilities included in the Baggage Handling System Special Premises, including schedules of each manufacturer's recommended maintenance activities, and any amendments or supplements thereto. On or before the Commencement of Occupancy of the Baggage Handling System Special Premises, Airline shall provide its proposed maintenance schedule to the City for approval, which approval shall not be withheld if the schedule comports with the manufacturer's recommended maintenance schedule. If said schedule is modified, Airline shall provide such modified schedule to City for approval, which approval shall not be withheld if the modified schedule comports with the manufacturer's recommended maintenance schedule.

On the anniversary date of the Commencement of Occupancy of the Baggage Handling System Special Premises, and each anniversary date thereafter for the duration of the Baggage Handling System Term, Airline shall provide to the Director of Port Control of City and the Commissioner of Cleveland Hopkins International Airport, at the notice address provided for the Director of Port Control in Section 17.05 of the 1997 Special Facilities Lease, certification that maintenance of the Baggage Handling System Special Premises has been performed in accordance with the prior approved maintenance schedule. Failure to provide such certification shall not be deemed an event of default under the Agreement unless City notifies Airline of such failure in writing within 60 days of the date on which the certification in question is due and Airline fails to provide the certification within 30 days after receiving City's written notice.

(c) City's Option to Purchase. City shall have the right to purchase from Airline its leasehold rights under the Agreement to the Baggage Handling System Special Premises at any time. The purchase price shall be equal to the original cost of the Baggage Handling System Special Premises less depreciation, calculated by utilizing a 15-year useful life, adjusted for new replacement components to the Baggage Handling System Special Premises paid for by Airline, except for those necessary construction improvements to the Terminal Building itself, which will be based upon a 40-year useful life, provided that (i) Airline is not then currently in default under the Agreement in its obligation to provide the annual maintenance certification described in Section 5(b) hereof, and (ii) Airline provides maintenance certification of the type described in Section 5(b) hereof, which is dated the date of City's

purchase of the Baggage Handling System Special Premises; and provided further that said purchase price may be decreased by a further reasonable amount (A) upon City's demonstration that Airline did not in fact maintain the Baggage Handling System Special Premises in accordance with the manufacturer's recommendations and the prior approved maintenance schedule described in Section 5(b) hereof, and (B) only if City provides Airline with written notice of any failure to so properly maintain the Baggage Handling System Special Premises within 60 days of the City obtaining knowledge thereof. The Baggage Handling System Term shall terminate upon payment of the purchase price in accordance with this Section 5.

Notwithstanding any contrary provision in the Agreement, City shall have the right to purchase from Airline its rights and interests in the Baggage Handling System Special Premises as provided in this Section 5 without any obligation to purchase any other elements of the Continental Special Facilities or any other facilities.

Airline acknowledges that City may fund the purchase of Airline's leasehold interest in the Baggage Handling System Special Premises with general airport revenue bonds. In the event that such purchase occurs during the term of the Original Lease or any replacement thereof requiring a majority in interest ("MII") action by airlines with respect to the funding of such purchase, Airline agrees to unconditionally provide MII approval of City's purchase of the Baggage Handling System Special Premises from Airline. Airline agrees that it will take such actions as may be requested by City to implement Airline's support of City's purchase of the Baggage Handling System Special Premises under applicable MII procedures (Section 8.07 of the Original Lease), including the timely delivery of its vote in support of the acquisition.

In the event that City funds the purchase of Airline's leasehold interest in the Baggage Handling System Special Premises with certain general airport revenue bonds, the debt service on those certain bonds shall be allocated to the appropriate Airport cost center in accordance with the Original Lease or any agreement succeeding or superseding the Original Lease.

In the event City exercises its right to purchase Airline's leasehold interest in the Baggage Handling System Special Premises pursuant to this Section 5, all of the proceeds of such purchase shall immediately be delivered by Airline to the Trustee for deposit in the Redemption Account of the Bond Fund, and thereafter used by the Trustee to the greatest extent possible to redeem Bonds at the earliest optional redemption date when no premium is payable (unless Airline directs to redeem at an earlier optional redemption date by paying the applicable premium) under Section 4.01(a) or, if applicable, Section 4.01(b), of the Indenture.

Following purchase by City of Airline's leasehold rights under the Agreement in the Baggage Handling System Special Premises, Airline shall have a right to preferential use of such Premises under the terms of the Original Lease, if it is then in effect, or, if there is an agreement which succeeds or supersedes the Original Lease, then Airline shall have preferential use of such Premises under the terms of that agreement for the remainder of that agreement. Airline's use of the Baggage Handling System Special Premises following such purchase shall be subject to all applicable rules and regulations adopted from time to time by City, as those rules and regulations may be amended from time to time, pursuant to Section 9.01 of the Agreement.

(d) Determination and Annual Adjustment of Basic Rent. Notwithstanding any other provision of this Supplemental Agreement to the contrary, the Baggage Handling System Special Premises shall constitute "Terminal Building Space" for purposes of the determination and annual adjustment of Basic Rent pursuant to Section 7.03 of the 1997 Special Facilities Lease.

(e) Public Access to Premises. Notwithstanding any contrary provisions of this Agreement:

(i) Those portions of the Baggage Handling System Special Premises that are necessary for the public to access any and all baggage claim devices located in the Terminal Building and/or any points of entrance or exit shall be open to the public.

(ii) Those portions of the Baggage Handling System Special

Premises that are necessary for the purpose of transporting baggage to any baggage claim devices in the Terminal Building shall be open to the City, other airlines, and other persons, for such purposes.

Section 6. Basic Rent. Section 7.02 of the 1997 Special Facilities Lease is amended and restated in its entirety to read as follows:

"From and after Airline's Commencement of Occupancy of space in the Concourse D Special Premises, the Concourse C Expansion Special Premises, or the Baggage Handling System Special Premises, respectively, Airline shall pay to City Basic Rent for such space in such premises. The amount of Basic Rent to be paid each calendar year shall be determined pursuant to Section 7.03."

Section 7. Determination and Annual Adjustment of Basic Rent. Paragraph (a) of Section 7.03 of the 1997 Special Facilities Lease is amended and restated in its entirety to read as follows:

"a. As long as the Original Lease remains in effect, the Basic Rent payable by Airline pursuant to Section 7.02 hereof shall be determined and readjusted annually as though such Basic Rent were "Rentals" for purposes of Article VIII of the Original Lease. For purposes of making such adjustments, the parties hereto acknowledge and agree that:

(i) The Concourse C Expansion Special Premises and the Concourse D Special Premises shall constitute part of the "Concourses", the Baggage Handling System Special Premises shall constitute part of the "Terminal Building" and the Concourse C Expansion Special Premises, the Concourse D Special Premises and the Baggage Handling System Special Premises shall further constitute "Terminal Concourse Space or Terminal Building Space leased to a Scheduled Airline" for the purpose of allocating the rent due under the Original Lease, provided however that the Concourse Improvement Factor, referred to in Section 8.04(a)(iii) of the Original Lease, allocable to the Concourse C Expansion Special Premises, shall exclude any debt incurred prior to the Effective Date, and provided further that the Terminal Improvement Factor, referred to in Section 8.04(a)(ii) of the Original Lease, allocable to the Baggage Handling System Special Premises, shall exclude any general airport revenue bond debt incurred to construct new leased space and shall include any general airport revenue bond debt incurred which benefits all leased space in the Terminal Building.

(ii) Debt service requirements of the GARBs allocable to the connector tunnel described herein at Section 5.02(a)(i) shall be allocated solely to Concourse D Special Premises for purposes of calculating the Concourse Improvement Factor referred to in Section 8.04(a)(iii) of the Original Lease. Costs allocable to a subsequent connector to Concourse D shall be allocated solely to the Terminal Complex cost center excluding the Concourse D cost center."

Section 8. Damage or Destruction. Paragraph (b) of Section 10.03 of the Special Facilities Lease is amended and restated in its entirety to read as follows:

"b. If there is damage, destruction or loss of any portion of the Continental Special Facilities or the GARB Improvements listed at Section 5.02(a)(i) hereof by a risk required to be insured against under Section 10.04, and the facilities or improvements so damaged or destroyed are not capable of being repaired or replaced within:

1. 12 months, if the damage, destruction or loss is related to the Concourse D Special Premises, then Airline shall have the option, exercisable by written notice given to City within 60 days after the occurrence of such event, to terminate this Agreement forthwith; or

2. 9 months, if the damage, destruction or loss is related to the Concourse C Expansion Special Premises, then Airline shall have the option, exercisable by written notice given to City within 60 days after the occurrence of such event, to terminate its rights, obligations, and responsibilities under this Agreement with respect to the Concourse C Expansion Special Premises forthwith; or

3. 9 months, if the damage, destruction or loss is related

to the Hydrant Fueling System Special Premises, then Airline shall have the option, exercisable by written notice given to City within 60 days after the occurrence of such event, to terminate its rights, obligations, and responsibilities under this Agreement with respect to the Hydrant Fueling System Special Premises forthwith; or

4. 90 days, if the damage, destruction or loss is related to the Deicing Pad Special Premises, then Airline shall have the option, exercisable by written notice given to City within 60 days after the occurrence of such event, to terminate its rights, obligations, and responsibilities under this Agreement with respect to the Deicing Pad Special Premises forthwith; or

5. 12 months, if the damage, destruction or loss is related to the Baggage Handling System Special Premises, then Airline shall have the option, exercisable by written notice given to City within 60 days after the occurrence of such event, to terminate its rights, obligations and responsibilities under this Agreement with respect to the Baggage Handling System Special Premises;

provided, however, that precalculations of such time periods shall exclude consideration of reasonably anticipated acts of superior governmental authorities and weather conditions; and provided further, that, if (i) Airline proceeds in good faith with the diligent repair or replacement of the damaged or destroyed premises and (ii) the actual time period of such repair exceeds the applicable time period specifically set forth above in subsections (1) through (4) of this sentence (not adjusted for reasonably anticipated acts of superior governmental authorities and weather conditions), then Airline shall be entitled to an abatement of the GARB debt service component of Basic Rent described in Section 10.03(a)(iii) hereof for that time period representing the difference between the actual time period of such repair and such applicable time period. If this Agreement, or any of Airline's rights, obligations, and responsibilities hereunder with respect to a portion of the Continental Special Facilities, as the case may be, is or are thus terminated: (i) City shall have all rights to any insurance proceeds it receives as a consequence of the damage or destruction to the GARB Improvements; (ii) Airline shall have all rights to any insurance proceeds it receives as a consequence of the damage or destruction to the Continental Special Facilities, which, to the extent Bonds are outstanding, Airline agrees to apply to the payment of Bond Service Charges by depositing such net proceeds with the Trustee for application in accordance with the Indenture; and (iii) if any Bonds are outstanding, there shall be no abatement in the Bond Rent payable by Airline. If this Agreement, or any of Airline's rights, obligations, and responsibilities hereunder with respect to a portion of the Continental Special Facilities, as the case may be, is not or are not terminated as aforesaid, or if such facilities or improvements so damaged or destroyed are capable of being repaired or replaced within the pertinent time period described in the first sentence of this Section 10.03(b), the provisions of Section 10.03(a) hereof shall apply; provided, however, that if such damage, destruction or loss occurs within six months of the Expiration Date, or the scheduled expiration of the Term of the applicable portion of the Continental Special Facilities (i.e., Concourse C Expansion Term, Concourse D Term, Deicing Pad Term, Hydrant Fueling System Term and Baggage Handling System Term), as the case may be, then Airline shall have the option either to effect such repair, replacement, restoration or rebuilding or, in lieu thereof, to terminate forthwith this Agreement or its rights, obligations, and responsibilities hereunder with respect to the applicable portion of the Continental Special Facilities, as the case may be, and make payment to City of all insurance proceeds received by reason of such damage, destruction or loss, less an amount equal to the Bond debt service that would remain as of the date of termination based on the Assumed Amortization, which withheld amount, to the extent Bonds are outstanding, Airline agrees to apply to the payment of Bond Service Charges by depositing such net proceeds with the Trustee."

Section 9. Delivery of Possession. Article XV of the 1997 Special Facilities Lease is amended and restated in its entirety to read as follows:

"Except as otherwise may be required under Section 6.03(c) of this Agreement with respect to the Hydrant Fueling System Special Premises or under the First Supplemental Special Facilities Lease with respect to the Baggage Handling System Special Premises,

Airline agrees to yield and deliver to City possession of each particular element of the Continental Special Facilities (i.e., the Concourse D Special Premises, the Concourse C Expansion Special Premises, the Deicing Pad Special Premises, the Hydrant Fueling System Special Premises and the Baggage Handling System Special Premises) at the termination of the applicable Term herein, by expiration or otherwise, or of any applicable renewal or extension, in good condition in accordance with its express obligations hereunder, except for damage or loss due to reasonable wear and tear or fire or other casualty."

Section 10. Holding Over. Article XVI of the 1997 Special Facilities Lease is amended and restated in its entirety to read as follows:

"If Airline shall, with the consent of City, hold over after the expiration or earlier termination of any Term contained in this Agreement as applicable to any element of the Continental Special Facilities (i.e., the Concourse D Special Premises, the Concourse C Expansion Special Premises, the Deicing Pad Special Premises, the Hydrant Fueling System Special Premises and the Baggage Handling System Special Premises), the resulting tenancy shall, unless otherwise mutually agreed, be for an indefinite period of time on a month-to-month basis. During such month-to-month tenancy, Airline shall pay to City the same rate of Basic Rent as in effect at the expiration of the final Additional Term and thereafter as subsequently adjusted as herein provided, unless a different rate shall be agreed upon, and shall be bound by all of the additional provisions of this Agreement insofar as they may be pertinent."

Section 11. Indenture Section 5.02. Section 5.02 of the Indenture is hereby incorporated by reference as if fully rewritten herein. In the event City takes over control of the construction fund related to construction of all or a part of the Continental Special Facilities pursuant to Section 5.02 of the Indenture, Airline agrees to assign to City any existing contracts relating to construction of the Continental Special Facilities, and City agrees to accept the assignment of any such contracts assigned to it and to assume all further obligations under such contracts to the extent of the proceeds of the Bonds in that construction fund available for the purpose.

Section 12. Cost Allocation; Maintenance and Repair; Budget. As a result of the amendments to the scope of the Continental Special Facilities as set forth herein, (i) attached hereto as Exhibit C is an amended Cost Allocation Policy, which Cost Allocation Policy shall supersede the Cost Allocation Policy set forth as Exhibit C to the 1997 Special Facilities Lease, and (ii) attached hereto as Exhibit F is an amended Maintenance and Repair Responsibilities that shall supersede the Maintenance and Repair Responsibilities set forth in Exhibit F of the 1997 Special Facilities Lease and that may be supplemented or amended from time to time upon agreement by Airline and the Director of Port Control of City, which supplemented or amended Exhibit F shall be attached to the Agreement and thereupon be deemed incorporated. Attached hereto as a draft Exhibit I is an amended 1997 Concourse Expansion Budget prepared by Airline and submitted to City for its review and approval and, upon that approval, such Exhibit I (as the same may be revised prior to approval) shall be attached to the Agreement and thereupon be deemed incorporated in the Agreement as Exhibit I, superseding the 1997 Concourse Expansion Budget set forth as Exhibit I to the 1997 Special Facilities Lease. Such superseding Exhibit I may be supplemented or amended from time to time thereafter upon agreement by Airline and City, which supplemented or amended Exhibit I shall be attached to the Agreement and thereupon be deemed incorporated. Approval of any amendments of the 1997 Concourse Expansion Budget shall be made by the Director of Port Control and the Fiscal Officer, which approval shall be evidenced by their certifications on the amended Exhibit I.

Section 13. Release of Leased Property. On City's exercise of any option to purchase Airline's leasehold interest in any portion of the Continental Special Facilities granted in the Agreement, Airline shall deliver, or cause to be delivered, upon payment of the purchase price to Airline by City, any necessary or appropriate documents conveying to City all of the Airline's interests in such portion of the Continental Special Facilities, subject to the following: (i) those liens and encumbrances (if any) to which title to said interest was subject when conveyed to Airline; (ii) those liens and encumbrances created by City or to the creation or suffering of which City consented in writing; and

(iii) those liens and encumbrances resulting from the failure of City to perform or observe any of the agreements on its part contained in the Agreement. Those documents shall be executed and delivered by the appropriate officials of Airline without the need for any further action by Airline or City.

Section 14. No Personal Liability. No elected official, director, officer, agent or employee of either party shall be charged personally or held contractually liable by or to the other party under any term or provision of this Supplemental Agreement or because of any breach thereof or because of its or their execution or attempted execution.

Section 15. Interpretation of Agreement. This Supplemental Agreement shall be deemed to have been made in, and be construed in accordance with the laws of, the State of Ohio.

Section 16. Entire Agreement; Amendment. The 1997 Special Facilities Lease, as supplemented by this Supplemental Agreement, constitutes the entire agreement between the parties hereto with respect to the Continental Special Facilities and supersedes all other representations or statements heretofore made, oral or written, except as otherwise herein provided. This Supplemental Agreement may be amended only in writing, and executed by duly authorized representatives of the parties hereto in accordance with the terms applicable to amendments to the Agreement as set forth in the Indenture, provided that the description of the improvements set forth in the 1997 Special Facilities Lease as herein revised may be revised from time to time on the written request of Airline approved in writing by the Director of Port Control on behalf of City, provided that no such revision materially alters the Continental Special Facilities as initially contemplated hereunder.

Section 17. Severability. In the event any covenant, condition or provision herein contained is held to be invalid by a court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained, provided the invalidity of any such covenant, condition or provision does not materially prejudice either City, Trustee, Bondholders, or Airline in their respective rights and obligations contained in the valid covenants, conditions and provisions of this Agreement.

Section 18. Recording; Memorandum of Lease. This Supplemental Agreement shall be recorded with the Recorder of Cuyahoga County or, in the alternative, in the event that either party so requests, the parties hereto shall execute, attest, acknowledge and deliver for recording with the Recorder of Cuyahoga County a short form Memorandum of Lease of this Supplemental Agreement, to be executed pursuant hereto in the form and content prescribed by Section 5301.251 of the Ohio Revised Code.

Section 19. Letter Agreement Dated February 19, 1998. Airline and City have memorialized certain other agreements pertaining to the Agreement that are contained in a Letter Agreement dated February 19, 1998, attached hereto as Exhibit L. Those provisions of said Letter Agreement that pertain to the agreement, specifically excluding paragraphs numbered "2" and "3", are hereby incorporated into this Supplemental Agreement. To the extent that such provisions in the Letter Agreement conflict with any other provisions in the Agreement, the latter shall govern.

Section 20. Counterparts. This Supplemental Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which together shall constitute the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed as of the day and year first above written.

WITNESSES as to those signing on behalf of the City of Cleveland:

CITY OF CLEVELAND

Printed Name:_____

By: _____
Michael R. White, Mayor

Printed Name:_____

Printed Name:_____

By: _____
Martin Carmody, Director
of Finance

Printed Name:_____

Printed Name:_____

By: _____
_____,
_____ of Port Control

Printed Name:_____

The within instrument is hereby approved as to legal form and correctness on March _____, 1998

Director of Law

By _____
Assistant Director of Law

WITNESSES as to those signing on behalf of Continental Airlines, Inc.:

CONTINENTAL AIRLINES, INC.

Printed Name:_____

By: _____
Holden Shannon,
Vice President,
Corporate Real Estate

Printed Name:_____

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

Before me, a Notary Public in and for said County, personally appeared Michael R. White, known to me to be the person who, as Mayor of the City of Cleveland, executed the above and foregoing Agreement and acknowledged that, being duly authorized by Ordinance of the Council of the City of Cleveland, he signed said Agreement for and on behalf of the said City as its free and voluntary act, and as his own free and voluntary act.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this _____ day of _____, 1998.

Notary Public

My commission expires:

STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

Before me, a Notary Public in and for said County, personally appeared Martin Carmody, known to me to be the person who, as Director of Finance of the City of Cleveland, executed the above and foregoing Agreement and acknowledged that, being duly authorized by Ordinance of the Council of the City of Cleveland, he signed said Agreement for and on behalf of the said City as its free and voluntary act, and as his own free and voluntary act.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this _____ day of _____, 1998.

Notary Public

My commission expires:

STATE OF OHIO)

) SS:

COUNTY OF CUYAHOGA)

Before me, a Notary Public in and for said County, personally appeared _____, known to me to be the person who, as _____ of Port Control of the City of Cleveland, executed the above and foregoing Agreement and acknowledged that, being duly authorized by Ordinance of the Council of the City of Cleveland, she signed said Agreement for and on behalf of the said City as its free and voluntary act, and as her own free and voluntary act.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal this _____ day of _____, 1998.

Notary Public

My commission expires:

Exhibit B-1

Concourse D Special Premises

(Concourse D Generally. A proposed Concourse D (of approximately 170,000 gross square feet) is to be constructed parallel to Concourse C and to accommodate up to 12 EMB 145 regional jets and up to 24 turbo-prop aircraft for the Continental Express, Inc., operation. The new Concourse D will include passenger facilities, airline operation support, building support, and concessions, including all necessary furniture, equipment, and utilities. Concourse D is to be configured with a central two-story component providing concourse-level jetbridge loading of the regional jets. The ramp level of this component will house Airline operations and building support.)

Concourse D Special Premises. The Concourse D Special Premises consist of the following exclusive use areas and facilities of Concourse D: holdroom, passenger and related space, concourse office and operations space, a ramp control tower, and furniture, equipment, and other moveable personal property necessary or appropriate for the use of Concourse D. In addition, the Concourse D facilities leased to Airline will include nonexclusive use rights with respect to the building support facilities funded in part with the proceeds of the Bonds. The diagrams on the immediately following two pages depict the approximate dimensions and proposed locations of the various elements of the Concourse D Special Premises. The diagram on the third page following this page depicts the approximate height and dimensions of the Concourse D ramp control tower.

Exhibit B-2

Concourse C Expansion Special Premises

(Concourse C Expansion Generally. Improvements to the existing Concourse C are to include a new approximately 10,548 square-foot Presidents Club (an airline lounge) on the concourse level, removal of the existing Presidents Club (to allow for holdroom expansion), jetbridge reconfiguration for revised aircraft layout, improvements of operations areas at the ramp level underneath the new President's Club, including an approximately 1,000 square-foot incident center and an approximately 2,500 square-foot group room, and construction, installation or relocation of all necessary utilities.)

Concourse C Expansion Special Premises. The exclusive use areas comprising the Concourse C Expansion Special Premises will include the new Presidents Club, the incident center and the group room (beneath the new Presidents Club), as well as all necessary or appropriate furniture, equipment, and other moveable personal property. The diagram on the following page is attached for the purpose of generally depicting the proposed location of these facilities.

Exhibit B-5

Baggage Handling System Special Premises

Baggage Handling System Special Premises. Improvements to baggage handling systems located in the Terminal Building are to include further expansion of the bag claim area (of approximately 4,000 square feet) beyond that referenced in Exhibit J-7 of the Agreement, including an additional bag claim device, replacement of an outbound bag support system, and replacement of baggage claim devices 8 and 9. The diagram on the following page is attached for the purpose of generally depicting the proposed location of the building expansion.

Exhibit C

Cost Allocation Policy

GARB-Related Costs

- . All costs associated with the connector tunnel between Concourses C & D, including its vertical transportation components, moving sidewalks, structure, mechanical, electrical, and plumbing systems, and architectural fit-up
- . All site and ramp costs for the area five feet outside of the Concourse D building perimeter (concourse-level floor plate projected downward) and beyond
- . Costs of constructing and installing utilities in that area which is five feet outside of the Concourse D building perimeter (concourse-level floor plate projected downward) and beyond
- . Costs of relocating underground utilities in public areas or preferential use areas
- . Within the footprint of Concourse D, all costs associated with non-exclusive spaces, such as:
 - . All retail and concession areas
 - . Certain building support areas/systems
 - . Public toilet rooms
 - . Public circulation
 - . Drive-through lanes (2)
 - . Drive-through triturator
- . All costs associated with the permanent rental car relocation
- . All costs associated with the outbound bag room, bag claim and security check point expansion in the Terminal Building

Bond-Related Costs

- . All site and ramp costs of the area extending from the face of the Concourse D building at ramp level (note five-foot overhang of concourse level) to a point 10 feet outward
- . Costs of constructing and installing utilities in Airline's Concourse D leasehold, including costs of constructing and installing utilities in the area extending from the face of the Concourse D building at ramp level to a point 10 feet outward
- . All costs associated with the Hydrant Fueling System Special Premises, the Deicing Pad Special Premises ("Pad 2"), and the Baggage Handling Systems Special Premises
- . All costs associated with the airline lounge ("Presidents Club") on Concourse C
- . Within the footprint of Concourse D, all costs associated with exclusive use spaces, such as:
 - . Airline operations areas:
 - . Ramp control tower
 - . Dedicated communications rooms
 - . Jetbridges and other equipment
 - . Cart staging
 - . GSE parking
 - . Airline passenger facilities:
 - . Holdrooms
 - . Ticketing areas
 - . Service centers
 - . Site preparation costs associated with the interim relocation of rental car facilities for which Airline shall not receive reimbursement from other sources of funds

GARB-Related/Bond-Related Mixed Costs

- . All Costs of the Facilities not directly allocable to GARB-related costs or Bond-related costs in accordance with the foregoing provisions of this Cost Allocation Policy shall be allocated as follows:
 - . Concourse D
 - 64.76% to Bonds
 - 35.24% to GARBs
 - (based on the ratio of exclusive use square footage (104,280 square feet) to non-exclusive use/non-"shared" square footage (56,753 square feet, representing 75,779 square feet of non-exclusive use space minus 19,026 square feet of "shared" building support systems space -- see below))
 - . Ground Service Equipment Paving
 - 09.23% to Bonds
 - 90.77% to GARBs
 - (based on the ratio of square footage under the Concourse D building and within five feet outside of the Concourse D building perimeter (concourse-level floor plate projected downward) (10,860 square feet) to the square footage more than five feet outside of the Concourse D building perimeter (106,740 square feet))
 - . Site Paving
 - 00.91% to Bonds
 - 99.09% to GARBs
 - (based on the ratio of square yardage within five feet outside of the Concourse D building perimeter (concourse-level floor plate projected downward) (1,200 square yards) to the square yardage more than five feet outside of the Concourse D building perimeter (131,100 square yards))
 - . Direct Costs
 - 45.51% to Bonds
 - 54.49% to GARBs
 - (based on the ratio of the Bond-related portions of the 1997 Concourse Expansion Budget (\$65,864,747) to the GARB-related portions of said Budget (\$78,854,637); the parties agree that these percentages are subject to change to reflect Bond-funded items not listed on the 1997 Concourse Expansion Budget (Exhibit I))
 - . Building Support Systems for Concourse D
 - Costs of certain elevators, fire stairs and dedicated egress, MEP systems distribution, and dumpster locations shall be allocated according to the percentages specified under "Concourse D" above. The diagrams on the following two pages depict the location of the 19,026 square feet of "shared" building support systems space subject to such allocation.
 - . Relocation of Utilities within Exclusive Leased Areas
 - 50.00% to Bonds
 - 50.00% to GARBs

Form of Disbursement Request -- from Bond Proceeds

TO: Chase Manhattan Trust Company, National Association,
as Trustee

Date: _____ Requisition No. _____

This Disbursement Request is made pursuant to Article V of the Special Facilities Lease Agreement dated October 24, 1997, as supplemented and amended by the First Supplemental Special Facilities Lease Agreement dated as of March 1, 1998, each between Continental Airlines, Inc., and the City of Cleveland, Ohio (collectively, the "Agreement"), and the Trust Indenture dated as of March 1, 1998, between the City of Cleveland, Ohio, and you relating to the City's \$75,120,000 Airport Special Revenue Bonds, Series 1988 (Continental Airlines, Inc. Project). Capitalized words have the meanings set forth in the Agreement. A copy of this Disbursement Request (with all attachments) is being submitted to the City's Project Manager (City of Cleveland, Department of Port Control, Cleveland Hopkins International Airport, 5300 Riverside Drive, Cleveland, Ohio 44135-3193) and Fiscal Officer (City of Cleveland, Department of Finance, Cleveland City Hall, 601 Lakeside Avenue, Cleveland, Ohio 44114, attn: Director).

Airline requests payment or reimbursement for its payment of Costs of Facilities of the Continental Special Facilities in the respective amounts set forth in the attached Requisition Schedule. In connection therewith Airline represents and agrees as follows:

1. The Costs of the Facilities for which payment or reimbursement is requested are for (fill in the amounts):

Concourse C	\$ _____
Concourse D (including interim rental car facilities relocation)	\$ _____
Deicing Pad	\$ _____
Hydrant Fueling System	\$ _____
Baggage Handling System	\$ _____
Utilities	\$ _____
Direct Labor	\$ _____
Costs of Issuance	\$ _____
Other Nonconstruction Costs	\$ _____

2. Obligations in the amounts stated in the attached Requisition Schedule have been incurred by Airline for Costs of the Facilities referenced in Paragraph 1, and each item specified in the Requisition Schedule is properly payable from the Construction Fund and has not been the subject of a prior requisition for payment from the GARBs or the Bonds.

3. There has not been filed with or served upon Airline notice of any lien, right to lien or attachment upon, or claim affecting the right to receive payment of, any of the monies payable to any of the payees listed in the Requisition Schedule which has not been released or will not be released simultaneously with the payment of such obligation.

4. The portion of the work for which payment is being requisitioned has been satisfactorily performed in accordance with applicable plans and specifications approved, or deemed approved, pursuant to the Agreement.

5. \$ _____ of the costs listed in the attached Requisition Schedule represent costs of issuance with respect to the Bonds (within the meaning of Section 147(g)(2) of the Code). The total costs of issuance paid to date, including the payments to be made pursuant to this Requisition, are not in excess

of 2% of the proceeds of the Bonds.

6. Either (i) at least 95% of the net proceeds of the Bonds expended to the date of the payment hereby requested from the Construction Fund will have been used to acquire, construct, and equip an airport facility within the meaning of Section 142 of the Code, or (ii) 100% of the net proceeds of the Bonds hereby requested from the Construction Fund, other than amounts requested in (5) above, if any, will be used to acquire, construct and equip an airport facility within the meaning of Section 142 of the Code.

7. Except as permitted by the Code, no obligation for which payment or reimbursement is sought was originally paid before February 13, 1997.

8. No Event of Default or Construction Period Event of Default by Airline under the Agreement has occurred and is continuing.

CONTINENTAL AIRLINES, INC.

By: _____
Printed Name: _____
Title: _____

[Attach Requisition Schedule, including invoices (or copies thereof).]

REQUISITION SCHEDULE

This Requisition Schedule applies to Requisition No. _____, requesting disbursement of funds from the Construction Fund pursuant to the Trust Indenture dated as of March 1, 1998 between the City of Cleveland, Ohio, and Chase Manhattan Trust Company, National Association, as Trustee.

Invoices (or copies thereof) are attached to support each amount.

Payee	Amount	Purpose
-------	--------	---------

Exhibit F

Maintenance and Repair Responsibilities

Responsibility Center	Definition or Reference Item	Responsible Party
Air Conditioning/Heating: Central System	1 a to h 1 i	City City
Air Distribution	2 a to g to lease line 2 a & b within leasehold 2 c to g within leasehold	City City Airline
Domestic Hot Water; Circulating Hot Water Heat; Chilled Water Distribution System	3 a & b to lease line 3 a & b within leasehold	City Airline
Temperature Controls which includes:	4 a to e to lease line 4 a to e within leasehold	City Airline
Water & Sewerage: Main & Rough-In Lines	to lease line within leasehold	City City
Fixtures	to lease line within leasehold	City Airline
Rough-In Stoppages (which may include use of diagnostic cameras to identify such stoppages) Fixture Stoppages		City Airline
Storm Drains	to lease line within leasehold	City City
Power Supply: Line side Main Feed Circuit Panels	to lease line within leasehold	City City City Airline
Backup Generators for Concourses C and D		Airline
Fire Protection System	5 a, c, e 5 b, d	City Airline

Building Structure		
Interior	6 a to g to leasehold	City
Interior	6 a to g within leasehold	Airline
Exterior	6 a, e, f	Airline
Exterior	6 b, c, d, g, h	City
Cleaning	7 a to j within leasehold	Airline
Extermination	within leasehold	Airline
Window Washing		
Interior	within leasehold	Airline
Interior	to lease line	City
Exterior	within leasehold (ramp level)	Airline
Exterior	within leasehold (boarding level)	City
Exterior	to lease line	City
Interior and Exterior		
Windows of Ramp		
Control Tower on Concourse D		Airline
Loading Bridges/Mech Systems	8 a & b	Airline
Electrical		
Interior	9 a to g within leasehold	Airline
Interior	9 a to g to lease line	City
Exterior	9 a, d, f	City
Exterior	9 b to lease line	City
Exterior	9 b, c, e within leasehold	Airline
Exterior	9 g	Airline
Plumbing & Fixtures		
Within leasehold	10 a to f	Airline
Public Area	10 a to f	City
Preferential Ramp & Apron	11 a to e, g, h 11 f, i	Airline City
Security Access Points and Associated Controls	12 a within leasehold 12 b	Airline City
Environmental	13 a to d	Airline

Miscellaneous:

Public Address System	14 a	City
F.I.D.S.	14 b	Airline
Airline Finishes & Improvements	14 c	Airline
Elevators/Escalators	14 d	City
Speedwalks	14 e	City
Stairwells	14 f	Airline
	14 g	City
Triturator	14 h	City

Baggage Facilities:

Outbound Bag Support System	15 a	Airline
Baggage Conveyor	15 b	Airline
Baggage Claim Area -- Interior	15 c	Airline
Baggage Claim Area -- Interior	15 d	City
Baggage Claim Area -- Exterior		City

DEFINITIONS AND REFERENCES

1. Air Conditioning/Heating

Central Systems within apron-level mechanical rooms which serve public areas and Airline leasehold within the terminal which includes:

- a. Air Handlers
- b. Heating and Ventilating Units
- c. Exhaust Fans
- d. Perimeter/Reheat Convertor Systems
- e. Pneumatic Compressors and Filtration Systems
- f. High/Low Pressure Reducing Stations
- g. Circulating Hot Water Heat and Condensate Distribution System from Valve Room II to Penthouse Mechanical Rooms
- h. Chilled Water Supply and Return from Valve Room II to Penthouse Mechanical Rooms
- i. Heating and ventilating units, unit heaters, exhaust fans and associated controls, both electric and pneumatic, which serve exclusive use premises

2. Central Systems Air Distribution which includes:

- a. Supply, return and exhaust duct work in ceiling space of tenant areas
- b. Associated hardware with duct work such as: Volume dampers and diverting vanes
- c. Repair and cleaning of all ceiling diffusers for supply, return and exhaust air
- d. Balancing of system
- e. Air distribution as listed above on zones off existing systems back to the main supply air duct and return air duct
- f. Cleaning of coil face annually
- g. Associated dampers, linkage filters and motors (Mixed Boxes)

3. Domestic Hot Water, High Pressure Steam, Chilled Water Distribution Systems:

- a. Associated piping, valves and strainers back to the main supply and return connection
- b. All pipe covering in ceiling back to the main supply and return connections

4. Temperature Controls which include:

- a. All thermostats pneumatic or electric maintenance and calibration
- b. All wiring and pneumatic control tubing from thermostats to operating device to ceiling
- c. Pneumatic control and electric control valves, including diaphragms, valve stem and seat
- d. Thermostats and maintenance and repair of other unit heaters
- e. All temperature controls and associated systems listed above connecting to existing systems back to the main connections

5. Fire Protection System

- a. Sprinklers
- b. Fire Hoses
- c. Fire Alarms
- d. Fire Extinguishers
- e. Hydrants

6. Building Structure

Interior

- a. Maintenance and repair of walls and columns such as painting, plastering, wall papering and cove base
- b. Maintenance and repair of metal and wooden doors and associated hardware such as hinges, door knob assemblies, locks and latch assemblies
- c. Maintenance and repair of any glass panels or door

- glass
- d. Maintenance and repair to plaster, dropped or metal ceilings and associated framework
- e. Maintenance and repairs to ceramic tile, wooden and carpeted floors
- f. Maintenance, repairs and cleaning of signs
- g. Maintenance and repair of ticket counters and holdroom furniture/fixtures

Exterior:

- a. Painting, maintenance and repair of exclusive area such as overhead doors, window and door frame work
- b. Caulking of walls, windows, panels and framework
- c. Masonry and carpentry repairs to architectural facades or building skin
- d. Roof drains to remain free of debris
- e. All attached enclosures such as canopies and conveyor housing
- f. Maintenance, repairs and cleaning of tenant signs
- g. Cleaning and repairs to glass
- h. Roof maintenance

7. Cleaning

Cleaning of demised premises which includes:

- a. Walls
- b. Ceilings
- c. Floors
- d. Windows
- e. Fixtures
- f. Furniture
- g. Ceiling Diffusers
- h. Trash Removal including dumpsters in accordance with City specifications
- i. Equipment storage areas
- j. Holdroom areas

8. Loading Bridges/Mechanical Systems

- a. Daily maintenance and repair of loading bridges. Maintenance and repair of mechanical support equipment, including inbound and outbound baggage conveyor systems, scales, etc., by acceptable contractor or by Airline's maintenance personnel.
- b. ADA-required lift for jetways/commuter walkways

9. Electrical

Interior:

- a. Cleaning of fixtures and shades
- b. Replacement of burnt bulbs
- c. Replacement of burnt ballasts and starters
- d. Repairs to wall outlets and wall switches
- e. All associated wiring within Airline's space
- f. Replacement of burnt bulbs and ballast for signs
- g. Airline installed panels

Exterior:

- a. Maintenance, repairs and cleaning of perimeter flood, apron and obstruction lighting and associated wiring and conduit
- b. Maintenance and repairs to weatherproof outlets, electrical panels, transformers, local disconnects and associated wiring and conduit
- c. Maintenance and repairs to luminated tenant signs
- d. Fixed pole ramp lighting
- e. Ground power system
- f. Electrical panels and transformers for public areas and fixed pole ramp lighting
- g. Tenant-installed lighting

10. Plumbing

- a. All water closets, lavs, urinal and associated piping and hardware such as flushometers, faucets and soap dispensers
- b. Sanitary napkin dispensers
- c. Towel dispensers and trash containers
- d. Partitions and hardware such as hinges, door latch assembly and coat hooks
- e. Water fountains piping and refrigeration compressors and controls
- f. Floor drains are to have proper catch basin with

strainer to keep drain free of debris

11. Preferential Ramp and Apron

- a. Daily FOD inspection and removal of debris, grease, oil, fuel or other foreign material on ramp or apron areas
- b. Cleaning with degreasing solvent on a routine basis consistent with usage
- c. Maintenance and repairs to bumpers, rails or other guides
- d. Striping for parking of aircraft and ground equipment in accordance with approved City procedures
- e. Ramp and apron drains to be cleaned of debris on a scheduled basis
- f. Minor pavement repairs
- g. Sweeping
- h. Snow removal, ice removal, and sanding
- i. Operation and maintenance of snow melters; structural pavement repairs and rehabilitation

12. Security Access

- a. Door hardware, i.e.: latches, locksets, hinges, closures, door frames, thresholds and panic hardware
- b. All electronic components i.e.: card reader, keypad, push buttons, audio visual units, door strikes and magnetic locks

13. Environmental Health and Safety

- a. Storage Tank Systems (if applicable)
 1. Maintenance, testing, management, removal and remediation, (if required), compliance with regulations and associated documentation for any storage tanks located on leased premises including responsibility for releases and remedial actions
 2. Compliance with all applicable Federal, State, and City Rules and Regulations
- b. Oil, gas, grease, sand, and any other similar interceptors and or separators (if applicable)
 1. Required maintenance and associated documentation to ensure efficient operation and proper disposal of any residual per applicable regulations
- c. Spill Prevention and Control Countermeasures (SPCC) (if applicable)
 1. Maintenance of and compliance with a current certified SPCC Plan, which is reviewed annually and updated and re-certified by a professional engineer every 3 years
 2. Reporting of releases which exceed Reportable Quantities to appropriate Federal and State Agencies and City personnel
- d. Environmental Health and Safety
 1. Compliance with all applicable Federal, State and City Regulations including LSP Services pertaining to all environmental health and safety issues

14. Miscellaneous

- a. Maintenance of existing public address system
- b. Maintenance of tenant's flight information display systems (F.I.D.S.)
- c. Airline installed finishes and improvements
- d. Maintenance of elevators/escalators
- e. Speedwalks
- f. Stairwells leading to exclusive use premises (4)
- g. Stairwells leading to mechanical room used by City or freight elevator used by City and Airline (2 -- col. lines 7.1 and 8, and 21 and 21.9)

h. Triturator

15. Baggage Facilities

- a. Replacement of belt feeder system from ticket counters to curbside
- b. Replacement of claim devices with respect to Airport carousels 7, 8 and 9
- c. Maintenance and repair pertaining to all space within exclusive use rooms and that space on the baggage-claim-carousel side of the partition separating the baggage claim area and the public walkway
- d. Maintenance and repair pertaining to all space outside of the partition separating the baggage claim area and the public walkway

Exhibit I

1997 Concourse Expansion budget

Exhibit L

Letter Agreement Dated February 19, 1998

Amendment of Executive Bonus Program

WHEREAS, the Company's Executive Bonus Program (the "Bonus Program") provides for certain payments to be made to participants upon the occurrence of a "Qualifying Event" (such as termination without cause, constructive termination or termination of participation in the Executive Bonus Program) during the year in which a Change in Control (as defined in the Bonus Program) occurs; and

WHEREAS, this Committee, which has authority to amend the Bonus Program, deems it advisable to amend the Bonus Program to provide for the new Change in Control definition contained in the 1998 [Stock Incentive] Plan to be applicable to the Bonus Program, effective on the first day of the year following the year in which the Acquisition is consummated (so that the original Change in Control definition is applicable for the year in which the Acquisition is consummated, and thereafter the new Change in Control provision will be applicable);

NOW THEREFORE, BE IT RESOLVED, that pursuant to Section 6 of the Company's Executive Bonus Program (the "Bonus Program"), the definition of "Change in Control" contained in Section 5 of the Bonus Program be and hereby is amended, effective on the first day of the year following the year in which the Acquisition is consummated, to be the same as the new definition of "Change in Control" contained in Section IX(c) of the 1998 Plan.

Supplemental Agreement No. 15

to

Purchase Agreement No. 1783

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 757 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of February 18, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1783 dated March 18, 1993 (the Agreement), as amended and supplemented, relating to Boeing Model 757-200 aircraft (the Aircraft); and

WHEREAS, Boeing and Buyer have agreed on a method for dealing with delayed Aircraft to be delivered in 1999, and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

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

1. Table of Contents and Articles:

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. 15.

2. Letter Agreements:

Add new Letter Agreement 6-1162-DMH-680, "Delivery Delay Resolution Program", attached hereto, to reflect the agreement between Buyer and Boeing regarding delayed aircraft to be delivered in 1999.

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/ D. M. Hurt

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President

TABLE OF CONTENTS

ARTICLES	Page	Revised By
ARTICLE 1. Subject Matter of Sale.	1-1	SA#12

ARTICLE 2.	Delivery, Title and Risk of Loss. . .	2-1	SA#12
ARTICLE 3.	Price of Aircraft	3-1	SA#12
ARTICLE 4.	Taxes	4-1	
ARTICLE 5.	Payment	5-1	
ARTICLE 6.	Excusable Delay	6-1	
ARTICLE 7.	Changes to the Detail Specification	7-1	SA#4
ARTICLE 8.	Federal Aviation Requirements and Certificates.	8-1	
ARTICLE 9.	Representatives, Inspection, Flights and Test Data	9-1	
ARTICLE 10.	Assignment, Resale or Lease	10-1	
ARTICLE 11.	Termination for Certain Events. . .	11-1	
ARTICLE 12.	Product Assurance; Disclaimer and Release; Exclusion of Liabilities; Customer Support; Indemnification and Insurance	12-1	
ARTICLE 13.	Buyer Furnished Equipment and Spare Parts	13-1	SA#2
ARTICLE 14.	Contractual Notices and Requests. .	14-1	
ARTICLE 15.	Miscellaneous	15-1	
	Schedule for Delivery of Model 757-224 Aircraft.		SA#12

TABLE OF CONTENTS (Continued)

EXHIBITS

EXHIBIT A	Aircraft Configuration	A-1	SA#8
EXHIBIT B	Product Assurance Document	B-1	SA#2
EXHIBIT C	Customer Support Document	C-1	SA#2
EXHIBIT D	Price Adjustments Due to Economic Fluctuations - Airframe and Engines	D-1	SA#11
EXHIBIT E	Buyer Furnished Equipment Provisions Document	E-1	SA#4
EXHIBIT F	Defined Terms Document	F-1	SA#2

LETTER AGREEMENTS

1783-1	Spare Parts Support		SA#2
1783-2	Seller Purchased Equipment		SA#2
1783-4	Waiver of Aircraft Demonstration Flights		SA#2
1783-5	Promotional Support		SA#2
1783-6	Configuration Matters		SA#2
1783-7	Price Adjustment on Rolls-Royce Engines		SA#2
1783-8	Spare Parts Provisioning		SA#2
1783-9R1	Escalation Sharing		SA#10
6-1162-WLJ-359	Aircraft Performance Guarantees		SA#2
6-1162-WLJ-367R5	Disclosure of Confidential Info		SA#9
6-1162-WLJ-369	Additional Considerations		SA#2
6-1162-WLJ-372	Conditions Relating to Purchase Agreement		SA#2

TABLE OF CONTENTS (Continued)

6-1162-WLJ-380	Performance Guarantees, Demonstrated Compliance	SA#2
6-1162-WLJ-384	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA#2
6-1162-WLJ-391R1	Special Purchase Agreement Provisions	SA#4
6-1162-WLJ-393	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA#2
6-1162-WLJ-405	Certain Additional Contractual Matters	SA#2
6-1162-WLJ-409	Satisfaction of Conditions Relating to the Purchase Agreement	SA#2
6-1162-WLJ-497	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA#3
6-1162-RGP-946R1	Special Provisions Relating to the Rescheduled Aircraft	SA#5
6-1162-MMF-289R1	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA#10
6-1162-MMF-319	Special Provisions Relating to the Rescheduled Aircraft	SA#7
6-1162-GOC-132R1	Special Matters	SA#14
6-1162-DMH-680	Delivery Delay Resolution Program	SA#15

TABLE OF CONTENTS (Continued)

SUPPLEMENTAL AGREEMENTS	Dated as of:
Supplemental Agreement No. 1	April 29, 1993
Supplemental Agreement No. 2	November 4, 1993
Supplemental Agreement No. 3	November 19, 1993
Supplemental Agreement No. 4	March 31, 1995
Supplemental Agreement No. 5	November 30, 1995
Supplemental Agreement No. 6	June 13, 1996
Supplemental Agreement No. 7	July 23, 1996
Supplemental Agreement No. 8	October 27, 1996
Supplemental Agreement No. 9	August 13, 1997
Supplemental Agreement No. 10	October 10, 1997
Supplemental Agreement No. 11	July 30, 1998
Supplemental Agreement No. 12	September 29, 1998
Supplemental Agreement No. 13	November 16, 1998
Supplemental Agreement No. 14	December 17, 1998
Supplemental Agreement No. 15	February 18, 1999

February 18, 1999
6-1162-DMH-680

Continental Airlines, Inc.
1600 Smith Street
Houston, TX 77002

Subject: Delivery Delay Resolution Program

Reference: (a) Purchase Agreement No. 1951 between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 737 aircraft

(b) Purchase Agreement No. 1783 between Boeing and Customer relating to Model 757 aircraft

(c) Letter Agreement 6-1162-DMH-678 dated December 29, 1998, Subject: 1998 Delivery Delay Settlement

Ladies and Gentlemen:

This Letter Agreement amends and supplements the above reference (a) and (b) Purchase Agreements (the Agreements). All terms used but not defined in this Letter Agreement have the same meaning as in the Agreements.

1. Revised Delivery of Aircraft.

Boeing has found it necessary to reschedule the delivery month of certain Aircraft (the Delayed Aircraft) as set forth below:

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

Boeing shall deliver each Delayed Aircraft in accordance with the terms of the Agreements during or before the Revised Schedule Month specified above. The calendar interval between the original schedule and revised schedule described above is the "Delay Period."

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

2. Aircraft Purchase Price.

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

3. Advance Payments Adjustments for Aircraft.

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

4. Monetary Adjustment for Delivery Delay.

Boeing will pay to Customer on the date of delivery the settlement amount calculated from the table provided in Attachment A hereto for each day of delay, beginning with the first day of the month following the Original Scheduled Month to and including the day prior to the date for delivery of each such Delayed Aircraft. The settlement amount, so calculated, will be provided to Customer in the form of a credit memorandum, which amount may be used for Boeing goods and services or may be applied against the purchase price of the Delayed Aircraft.

5. Purchase Agreement Revision.

Except as specifically set forth in this Letter Agreement, the rights and obligations of the parties under the terms and conditions of the Agreements, including the provisions of Article 6, Excusable Delay, remain in full force and effect.

6. EXCLUSIVE REMEDY.

THE OBLIGATIONS OF BOEING EXPRESSLY SET FORTH IN THIS LETTER AGREEMENT ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE WITH RESPECT TO THE DELAY IN DELIVERY OF THE DELAYED AIRCRAFT. BOEING'S PERFORMANCE OF ITS OBLIGATIONS HEREUNDER SHALL CONSTITUTE FULL AND FINAL SETTLEMENT AND SATISFACTION OF ALL CLAIMS OR CAUSES OF ACTION OF CUSTOMER AGAINST BOEING RELATING TO THE DELAY IN DELIVERY OF THE DELAYED AIRCRAFT AND WILL BE REFLECTED IN A REDUCED INVOICE AMOUNT OR A CREDIT MEMORANDUM.

7. Confidential Treatment. Customer understands that certain commercial and financial information contained in this Letter Agreement and the attachments hereto are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity except to the extent required by law or governmental regulation.

Very truly yours,

THE BOEING COMPANY

By /s/ D. M. Hurt

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: February 18, 1999

CONTINENTAL AIRLINES, INC.

By /s/ Brian Davis

Its Vice President

COMPENSATION TABLE

The following table identifies the daily amount Boeing is required to pay in settlement to compensation Customer for the delayed delivery.

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

Supplemental Agreement No. 9

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 February 18, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (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); and

WHEREAS, Boeing and Buyer have agreed on a method for dealing with delayed Aircraft to be delivered in 1999, and

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

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

1. Table of Contents and Articles:

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. 9.

2. Letter Agreements:

Add new Letter Agreement 6-1162-DMH-680, "Delivery Delay Resolution Program", attached hereto, to reflect the agreement between Buyer and Boeing regarding delayed aircraft to be delivered in 1999.

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/ D. M. Hurt

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President

TABLE OF CONTENTS

Page	SA
Number	Number

ARTICLES

1.	Subject Matter of Sale	1-1	SA 5
2.	Delivery, Title and Risk of Loss	2-1	
3.	Price of Aircraft	3-1	SA 5
4.	Taxes	4-1	
5.	Payment	5-1	
6.	Excusable Delay	6-1	
7.	Changes to the Detail Specification	7-1	SA 5
8.	Federal Aviation Requirements and Certificates and Export License	8-1	SA 5
9.	Representatives, Inspection, Flights and Test Data	9-1	
10.	Assignment, Resale or Lease	10-1	
11.	Termination for Certain Events.	11-1	
12.	Product Assurance; Disclaimer and Release; Exclusion of Liabilities; Customer Support; Indemnification and Insurance	12-1	
13.	Buyer Furnished Equipment and Spare Parts	13-1	
14.	Contractual Notices and Requests.	14-1	
15.	Miscellaneous	15-1	

TABLE OF CONTENTS

	Page Number	SA Number
TABLES		
1. Aircraft Deliveries and Descriptions - 737-500.	T-1	SA 3
Aircraft Deliveries and Descriptions - 737-700.	T-2	SA 8
Aircraft Deliveries and Descriptions - 737-800.	T-3	SA 7
Aircraft Deliveries and Descriptions - 737-600.	T-4	SA 4
Aircraft Deliveries and Descriptions - 737-900.	T-5	SA 5
EXHIBITS		
A-1 Aircraft Configuration - Model 737-724. . .		SA 2
A-2 Aircraft Configuration - Model 737-824. . .		SA 2
A-3 Aircraft Configuration - Model 737-624. . .		SA 1
A-4 Aircraft Configuration - Model 737-524. . .		SA 3
A-5 Aircraft Configuration - Model 737-924. . .		SA 5
B Product Assurance Document.		SA 1
C Customer Support Document - Code Two - Major Model Differences		SA 1
C1 Customer Support Document - Code Three - Minor Model Differences		SA 1
D Aircraft Price Adjustments - New Generation Aircraft (1995 Base Price) . . .		SA 1
D1 Airframe and Engine Price Adjustments - Current Generation Aircraft		SA 1
D2 Aircraft Price Adjustments - New Generation Aircraft (1997 Base Price) . . .		SA 5
E Buyer Furnished Equipment Provisions Document		SA 5
F Defined Terms Document.		SA 5

TABLE OF CONTENTS

	SA Number
LETTER AGREEMENTS	
1951-1 Not Used.	
1951-2R3 Seller Purchased Equipment.	SA 5
1951-3R5 Option Aircraft-Model 737-824 Aircraft	SA 8
1951-4R1 Waiver of Aircraft Demonstration. . .	SA 1
1951-5R2 Promotional Support - New Generation. Aircraft	SA 5
1951-6 Configuration Matters	
1951-7R1 Spares Initial Provisioning	SA 1
1951-8R2 Escalation Sharing - New Generation Aircraft.	SA 4
1951-9R3 Option Aircraft-Model 737-724 Aircraft	SA 7
1951-11R1 Escalation Sharing-Current Generation Aircraft.	SA 4
1951-12 Option Aircraft - Model 737-924 Aircraft	SA 5
1951-13 Configuration Matters - Model 737-924	SA 5

TABLE OF CONTENTS

SA
Number

RESTRICTED LETTER AGREEMENTS

6-1162-MMF-295	Performance Guarantees - Model 737-724 Aircraft.	
6-1162-MMF-296	Performance Guarantees - Model 737-824 Aircraft.	
6-1162-MMF-308R3	Disclosure of Confidential . Information	SA 5
6-1162-MMF-309R1	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 1
6-1162-MMF-311R3	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 5
6-1162-MMF-312R1	Special Purchase Agreement Provisions.	SA 1
6-1162-MMF-319	Special Provisions Relating to the Rescheduled Aircraft. .	
6-1162-MMF-378R1	Performance Guarantees - Model 737-524 Aircraft.	SA 3
6-1162-GOC-015	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 2
6-1162-GOC-131R2	Special Matters	SA 5
6-1162-DMH-365	Performance Guarantees - Model 737-924 Aircraft.	SA 5
6-1162-DMH-624	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 8
6-1162-DMH-680	Delivery Delay Resolution Program	SA 9

TABLE OF CONTENTS

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	October 10, 1996
Supplemental Agreement No. 2	March 5, 1997
Supplemental Agreement No. 3	July 17, 1997
Supplemental Agreement No. 4	October 10, 1997
Supplemental Agreement No. 5	May 21, 1998
Supplemental Agreement No. 6	July 30, 1998
Supplemental Agreement No. 7	November 12, 1998
Supplemental Agreement No. 8	December 7, 1998
Supplemental Agreement No. 9	February 18, 1999

February 18, 1999
6-1162-DMH-680

Continental Airlines, Inc.
1600 Smith Street
Houston, TX 77002

Subject: Delivery Delay Resolution Program

Reference: (a) Purchase Agreement No. 1951 between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 737 aircraft

(b) Purchase Agreement No. 1783 between Boeing and Customer relating to Model 757 aircraft

(c) Letter Agreement 6-1162-DMH-678 dated December 29, 1998, Subject: 1998 Delivery Delay Settlement

Ladies and Gentlemen:

This Letter Agreement amends and supplements the above reference (a) and (b) Purchase Agreements (the Agreements). All terms used but not defined in this Letter Agreement have the same meaning as in the Agreements.

1. Revised Delivery of Aircraft.

Boeing has found it necessary to reschedule the delivery month of certain Aircraft (the Delayed Aircraft) as set forth below:

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

Boeing shall deliver each Delayed Aircraft in accordance with the terms of the Agreements during or before the Revised Schedule Month specified above. The calendar interval between the original schedule and revised schedule described above is the "Delay Period."

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

2. Aircraft Purchase Price.

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

3. Advance Payments Adjustments for Aircraft.

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

4. Monetary Adjustment for Delivery Delay.

Boeing will pay to Customer on the date of delivery the settlement amount calculated from the table provided in Attachment A hereto for each day of delay, beginning with the first day of the month following the Original Scheduled Month to and including the day prior to the date for delivery of each such Delayed Aircraft. The settlement amount, so calculated, will be provided to Customer in the form of a credit memorandum, which amount may be used for Boeing goods and services or may be applied against the purchase price of the Delayed Aircraft.

5. Purchase Agreement Revision.

Except as specifically set forth in this Letter Agreement, the rights and obligations of the parties under the terms and conditions of the Agreements, including the provisions of Article 6, Excusable Delay, remain in full force and effect.

6. EXCLUSIVE REMEDY.

THE OBLIGATIONS OF BOEING EXPRESSLY SET FORTH IN THIS LETTER AGREEMENT ARE EXCLUSIVE AND IN SUBSTITUTION FOR, AND CUSTOMER HEREBY WAIVES, RELEASES AND RENOUNCES ALL OTHER OBLIGATIONS AND LIABILITIES OF BOEING AND ALL OTHER RIGHTS, CLAIMS AND REMEDIES OF CUSTOMER AGAINST BOEING, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE WITH RESPECT TO THE DELAY IN DELIVERY OF THE DELAYED AIRCRAFT. BOEING'S PERFORMANCE OF ITS OBLIGATIONS HEREUNDER SHALL CONSTITUTE FULL AND FINAL SETTLEMENT AND SATISFACTION OF ALL CLAIMS OR CAUSES OF ACTION OF CUSTOMER AGAINST BOEING RELATING TO THE DELAY IN DELIVERY OF THE DELAYED AIRCRAFT AND WILL BE REFLECTED IN A REDUCED INVOICE AMOUNT OR A CREDIT MEMORANDUM.

7. Confidential Treatment. Customer understands that certain commercial and financial information contained in this Letter Agreement and the attachments hereto are considered by Boeing as confidential. Customer agrees that it will treat this Letter Agreement and the information contained herein as confidential and will not, without the prior written consent of Boeing, disclose this Letter Agreement or any information contained herein to any other person or entity except to the extent required by law or governmental regulation.

Very truly yours,

THE BOEING COMPANY

By /s/ D. M. Hurt

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: February 18, 1999

CONTINENTAL AIRLINES, INC.

By /s/ Brian Davis

Its Vice President

COMPENSATION TABLE

The following table identifies the daily amount Boeing is required to pay in settlement to compensation Customer for the delayed delivery.

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

Supplemental Agreement No. 10

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 March 19, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (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); and

WHEREAS, Buyer has requested to exercise [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and

WHEREAS, Buyer has requested to exercise [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and

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

WHEREAS, Boeing and Buyer have mutually agreed to amend the Agreement to incorporate the effect of these and certain other changes;

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

1. Table of Contents and Articles:

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. 10.

1.2 Remove and replace, in its entirety, Table T-2 entitled "Aircraft Deliveries and Descriptions, Model 737-700 Aircraft" with new Table T-2 attached hereto for the Model 737-700 Aircraft reflecting the addition of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 1951-3R5, "Option Aircraft - Model 737-824 Aircraft" with Letter Agreement 1951-3R6, "Option Aircraft - Model 737-824 Aircraft", attached hereto, to reflect the deletion of the [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 1951-9R3, "Option Aircraft - Model 737-724 Aircraft" with Letter Agreement 1951-9R4, "Option Aircraft - Model 737-724 Aircraft", attached hereto, to reflect the deletion of the [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/ D. M. Hurt

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President

TABLE OF CONTENTS

	Page Number	SA Number
ARTICLES		
1. Subject Matter of Sale.	1-1	SA 5
2. Delivery, Title and Risk of Loss.	2-1	
3. Price of Aircraft	3-1	SA 5
4. Taxes	4-1	
5. Payment	5-1	
6. Excusable Delay	6-1	
7. Changes to the Detail Specification	7-1	SA 5
8. Federal Aviation Requirements and Certificates and Export License	8-1	SA 5
9. Representatives, Inspection, Flights and Test Data	9-1	
10. Assignment, Resale or Lease	10-1	
11. Termination for Certain Events.	11-1	
12. Product Assurance; Disclaimer and Release; Exclusion of Liabilities; Customer Support; Indemnification and Insurance	12-1	
13. Buyer Furnished Equipment and Spare Parts	13-1	
14. Contractual Notices and Requests.	14-1	
15. Miscellaneous	15-1	

TABLE OF CONTENTS

	Page Number	SA Number
TABLES		
1. Aircraft Deliveries and Descriptions - 737-500.	T-1	SA 3
Aircraft Deliveries and Descriptions - 737-700.	T-2	SA 10
Aircraft Deliveries and Descriptions - 737-800.	T-3	SA 7
Aircraft Deliveries and Descriptions - 737-600.	T-4	SA 4
Aircraft Deliveries and Descriptions - 737-900.	T-5	SA 5
EXHIBITS		
A-1 Aircraft Configuration - Model 737-724. . .		SA 2
A-2 Aircraft Configuration - Model 737-824. . .		SA 2
A-3 Aircraft Configuration - Model 737-624. . .		SA 1
A-4 Aircraft Configuration - Model 737-524. . .		SA 3
A-5 Aircraft Configuration - Model 737-924. . .		SA 5
B Product Assurance Document.		SA 1
C Customer Support Document - Code Two - Major Model Differences		SA 1
C1 Customer Support Document - Code Three - Minor Model Differences		SA 1
D Aircraft Price Adjustments - New Generation Aircraft (1995 Base Price) . . .		SA 1
D1 Airframe and Engine Price Adjustments - Current Generation Aircraft		SA 1
D2 Aircraft Price Adjustments - New Generation Aircraft (1997 Base Price) . . .		SA 5
E Buyer Furnished Equipment Provisions Document		SA 5
F Defined Terms Document.		SA 5

TABLE OF CONTENTS

SA
Number

LETTER AGREEMENTS

1951-1	Not Used	
1951-2R3	Seller Purchased Equipment	SA 5
1951-3R6	Option Aircraft-Model 737-824 Aircraft	SA 10
1951-4R1	Waiver of Aircraft Demonstration . . .	SA 1
1951-5R2	Promotional Support - New Generation . Aircraft	SA 5
1951-6	Configuration Matters.	
1951-7R1	Spares Initial Provisioning.	SA 1
1951-8R2	Escalation Sharing - New Generation Aircraft	SA 4
1951-9R4	Option Aircraft-Model 737-724 Aircraft	SA 10
1951-11R1	Escalation Sharing-Current Generation Aircraft	SA 4
1951-12	Option Aircraft - Model 737-924 Aircraft	SA 5
1951-13	Configuration Matters - Model 737-924.	SA 5

TABLE OF CONTENTS

SA
Number

RESTRICTED LETTER AGREEMENTS

6-1162-MMF-295	Performance Guarantees - Model 737-724 Aircraft.	
6-1162-MMF-296	Performance Guarantees - Model 737-824 Aircraft.	
6-1162-MMF-308R3	Disclosure of Confidential Information	SA 5
6-1162-MMF-309R1	[CONFIDENTIAL MATERIAL . . . OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 1
6-1162-MMF-311R3	[CONFIDENTIAL MATERIAL . . . OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 5
6-1162-MMF-312R1	Special Purchase Agreement Provisions.	SA 1
6-1162-MMF-319	Special Provisions Relating to the Rescheduled Aircraft	
6-1162-MMF-378R1	Performance Guarantees - Model 737-524 Aircraft.	SA 3
6-1162-GOC-015	[CONFIDENTIAL MATERIAL . . . OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	SA 2
6-1162-GOC-131R2	Special Matters	SA 5
6-1162-DMH-365	Performance Guarantees - Model 737-924 Aircraft.	SA 5
6-1162-DMH-624	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].	SA 8
6-1162-DMH-680	Delivery Delay Resolution Program	SA 9

TABLE OF CONTENTS

SUPPLEMENTAL AGREEMENTS	DATED AS OF:
Supplemental Agreement No. 1	October 10,1996
Supplemental Agreement No. 2	March 5, 1997
Supplemental Agreement No. 3	July 17, 1997
Supplemental Agreement No. 4	October 10,1997
Supplemental Agreement No. 5	May 21,1998
Supplemental Agreement No. 6	July 30,1998
Supplemental Agreement No. 7	November 12,1998
Supplemental Agreement No. 8	December 7,1998
Supplemental Agreement No. 9	February 18,1999
Supplemental Agreement No. 10.	March 19,1999

Table 1 to
Purchase Agreement 1951
Aircraft Deliveries and Descriptions
Model 737-700 Aircraft
CFM45-7B24 Engines
Detail Specification No. D6-38808-42 dated January 6, 1997
Exhibit A-1

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

1951-3R6
March 19, 1999

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: Letter Agreement No. 1951-3R6 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 1951-3R5 dated December 7, 1998.

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 forty-one (41) 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 of Delivery	Number of Option Aircraft
-------------------------------	------------------------------

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

2. Price. [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 will pay a deposit to Boeing of \$200,000 for each Option Aircraft (the Option Deposit) on the date of this Letter Agreement. In the event 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.

In the event that 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 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.

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/ D. M. Hurt

Its Attorney In Fact

ACCEPTED AND AGREED TO this

Date: March 19, 1999

CONTINENTAL AIRLINES, INC.,

By /s/ Brian Davis

Its Vice President

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, Revision E, dated September 15, 1995, 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 an Option Aircraft Supplemental Agreement.

(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 aircraft 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 Option Aircraft Supplemental Agreement.

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 Option Aircraft Supplemental Agreement [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.

Buyer agrees that the engine escalation provisions will be adjusted if they are changed by the engine manufacturer prior to signing the Option Aircraft Supplemental Agreement. In such case, the then-current engine escalation provisions in effect at the time of execution of the Option Aircraft Supplemental Agreement will be incorporated into such agreement.

2.1.4 Price Adjustments for Changes. Boeing may adjust the basic price and the advance payment base prices for any changes mutually agreed upon by Buyer and Boeing subsequent to the date that Buyer and Boeing enter into the Option Aircraft Supplemental Agreement.

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 Buyer shall pay to Boeing advance payments for the Option Aircraft pursuant to the schedule for payment of advance payments provided in the Purchase Agreement.

1951-9R4
March 19, 1999

Continental Airlines, Inc.
1600 Smith Street
Houston, Texas 77002

Subject: Letter Agreement No. 1951-9R4 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 1951-9R3 dated November 12, 1998.

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 of Delivery	Number of Option Aircraft
-------------------------------	------------------------------

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

2. Price. [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 will pay a deposit to Boeing of \$200,000 for each Option Aircraft (the Option Deposit) on the date of this Letter Agreement. In the event 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.

In the event that 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

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 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.

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/ D. M. Hurt

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 19, 1999

CONTINENTAL AIRLINES, INC.,

By /s/ Brian Davis

Its Vice President

Attachment

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft are described by Boeing Detail Specification D6-38808-42, dated as of January 6, 1997, 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 an Option Aircraft Supplemental Agreement.

(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 aircraft 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 Option Aircraft Supplemental Agreement.

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 Option Aircraft Supplemental Agreement [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.

Buyer agrees that the engine escalation provisions will be adjusted if they are changed by the engine manufacturer prior to signing the Option Aircraft Supplemental Agreement. In such case, the then-current engine escalation provisions in effect at the time of execution of the Option Aircraft Supplemental Agreement will be incorporated into such agreement.

2.1.4 Price Adjustments for Changes. Boeing may adjust the basic price and the advance payment base prices for any changes mutually agreed upon by Buyer and Boeing subsequent to the date that Buyer and Boeing enter into the Option Aircraft Supplemental Agreement.

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 Buyer shall pay to Boeing advance payments for the Option Aircraft pursuant to the schedule for payment of advance payments provided in the Agreement.

Supplemental Agreement No. 4

to

Purchase Agreement No. 2061

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 777 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of February 3, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2061 dated October 10, 1997, (the Purchase Agreement) relating to Boeing Model 777-200IGW aircraft, (Aircraft); and

WHEREAS, Boeing and Customer have mutually agreed to revise the delivery of Option Aircraft in Letter Agreement 2061-1R1 by deleting Option Aircraft delivering in [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and adding Option Aircraft in [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]; and

WHEREAS, Boeing and Customer have mutually agreed to amend the Purchase Agreement to incorporate the effect of these and certain other changes;

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

1. Table of Contents:

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. 4.

2. Letter Agreements:

Remove and replace, in its entirety, Letter Agreement 2061-1R1 "Option Aircraft" with the revised Letter Agreement 2061-1R2, attached hereto, to reflect the revised delivery of Option Aircraft.

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

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

THE BOEING COMPANY

CONTINENTAL AIRLINES, INC.

By: /s/ D. M. Hurt

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President

TABLE OF CONTENTS

ARTICLES

Revised By:

1. Quantity, Model and Description
2. Delivery Schedule
3. Price
4. Payment
5. Miscellaneous

TABLE

1. Aircraft Information Table SA No. 2

EXHIBIT

- A. Aircraft Configuration
- B. Aircraft Delivery Requirements and Responsibilities

SUPPLEMENTAL EXHIBITS

- BFE1. BFE Variables
- CS1. Customer Support Variables
- EE1. Engine Escalation/Engine Warranty and Patent Indemnity
- SLP1. Service Life Policy Components

TABLE OF CONTENTS

LETTER AGREEMENTS

Revised By:

2061-1R2 Option Aircraft

SA No. 4

2061-2 Demonstration Flights

2061-3 Installation of Cabin Systems Equipment

2061-4 Spares Initial Provisioning

2061-5 Flight Crew Training Spares

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

TABLE OF CONTENTS

CONFIDENTIAL LETTER AGREEMENTS

Revised By:

6-1161-GOC-087	Aircraft Performance Guarantees	
6-1162-GOC-088	Promotion Support	
6-1162-GOC-089R1	Special Matters	SA No. 3
6-1162-GOC-172	Additional Matters	SA No. 1

SUPPLEMENTAL AGREEMENTS

Dated as of:

Supplemental Agreement No. 1	December 18, 1997
Supplemental Agreement No. 2	July 30, 1998
Supplemental Agreement No. 3	September 25, 1998
Supplemental Agreement No. 4	February 3, 1999

Continental Airlines, Inc.
1600 Smith Street
Houston, TX 77002

Subject: Option Aircraft

Reference: Purchase Agreement No. 2061 (the Purchase Agreement)
between The Boeing Company (Boeing) and Continental
Airlines, Inc. (Customer) relating to Model 777-
200IGW aircraft (the Aircraft)

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. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 2061-1 dated October 10, 1997.

Boeing agrees to manufacture and sell to Customer additional Model 777-200IGW 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.

1.2 Changes: The Detail Specification will be revised to include:

- (i) Changes applicable to the basic Model 777 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.

2.2 Price Adjustments.

2.2.1 Optional Features. The Optional Features Prices 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 January 2003, will be escalated on the same basis as the 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 January, 2003, 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.

2.2.4 Prices for Long Lead Time Aircraft. Boeing and the engine manufacturer have not established prices and escalation provisions for Model 777-200IGW aircraft and engines for delivery in the year 2003 and after. When prices and the pricing bases are established for the Model 777-200IGW aircraft delivering in the year 2003 and after, the information listed in the Attachment will be appropriately amended.

3. Payment.

3.1 Customer will pay a deposit to Boeing in the amount shown in the Attachment for each Option Aircraft (Deposit), on the date of this Letter Agreement. If Customer exercises an option, the Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Deposit for that Option Aircraft.

3.2 Following option exercise, advance payments in the amounts and at the times listed in the Attachment will be payable for the Option Aircraft. The remainder of the Aircraft Price for the Option Aircraft will be paid at the time of delivery.

4. Option Exercise.

Customer may exercise an option 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. In the event the parties have not entered into a definitive agreement within 30 days following option exercise, either party may terminate the purchase of such Option Aircraft by giving written notice to the other within 5 days. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Very truly yours,

THE BOEING COMPANY

By: /s/ D. M. Hurt

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: February 3, 1999

CONTINENTAL AIRLINES, INC.

By /s/ Brian Davis

Its Vice President

Attachment

Attachment to
Letter Agreement 2061-1R2 Option
Aircraft Delivery, Description, Price and Advance Payments

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

Supplemental Agreement No. 5

to

Purchase Agreement No. 2061

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 777 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of March 26, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2061 dated October 10, 1997, (the Purchase Agreement) relating to Boeing Model 777-200IGW aircraft, (the Aircraft); and

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], and

WHEREAS, Boeing and Customer have mutually agreed to amend the Purchase Agreement to incorporate the effect of these and certain other changes;

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

1. Table of Contents:

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. 5.

2. Table 1

Remove and replace, in its entirety, "Table 1", with the "Table 1" attached hereto, to reflect the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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

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

THE BOEING COMPANY

CONTINENTAL AIRLINES, INC.

By: /s/ D. M. Hurt

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President

TABLE OF CONTENTS

ARTICLES

Revised By:

1. Quantity, Model and Description
2. Delivery Schedule
3. Price
4. Payment
5. Miscellaneous

TABLE

1. Aircraft Information Table SA No. 5

EXHIBIT

- A. Aircraft Configuration
- B. Aircraft Delivery Requirements and Responsibilities

SUPPLEMENTAL EXHIBITS

- BFE1. BFE Variables
- CS1. Customer Support Variables
- EE1. Engine Escalation/Engine Warranty and Patent Indemnity
- SLP1. Service Life Policy Components

TABLE OF CONTENTS

LETTER AGREEMENTS

Revised By:

2061-1R2 Option Aircraft

SA No. 4

2061-2 Demonstration Flights

2061-3 Installation of Cabin Systems Equipment

2061-4 Spares Initial Provisioning

2061-5 Flight Crew Training Spares

2061-6 [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT
TO A REQUEST FOR CONFIDENTIAL TREATMENT]

TABLE OF CONTENTS

CONFIDENTIAL LETTER AGREEMENTS		Revised By:
6-1161-GOC-087	Aircraft Performance Guarantees	
6-1162-GOC-088	Promotion Support	
6-1162-GOC-089R1	Special Matters	SA No. 3
6-1162-GOC-172	Additional Matters	SA No. 1

SUPPLEMENTAL AGREEMENTS		Dated as of:
Supplemental Agreement No. 1		December 18, 1997
Supplemental Agreement No. 2		July 30, 1998
Supplemental Agreement No. 3		September 25, 1998
Supplemental Agreement No. 4		February 3, 1999
Supplemental Agreement No. 5		March 26, 1999

Table 1
to Purchase Agreement 2061
Aircraft Delivery, Description, Price and Advance Payments

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

3-MOS

DEC-31-1999

MAR-31-1999

		1,397
	0	
	534	
	0	
	187	
2,529		3,488
	863	
	7,605	
2,501		0
0		0
	0	1
	1,386	
7,605		2,056
	2,056	0
	0	
	1,896	
	0	
	53	
	148	
	58	
90		
	0	
	0	
		6
	84	
	1.23	
	1.11	