

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2002

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 1-10323

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

74-2099724

(State or other jurisdiction
of incorporation or organization)

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

1600 Smith Street, Dept. HQSEO

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

713-324-2950

(Registrant's telephone number, including area code)

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

As of July 12, 2002, 64,803,111 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)**

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	(Unaudited)		(Unaudited)	
Operating Revenue:				
Passenger	\$2,062	\$2,420	\$3,934	\$4,726
Cargo, mail and other	<u>130</u>	<u>136</u>	<u>252</u>	<u>282</u>
	<u>2,192</u>	<u>2,556</u>	<u>4,186</u>	<u>5,008</u>
Operating Expenses:				
Wages, salaries and related costs	746	800	1,478	1,558
Aircraft fuel	254	349	462	694
Aircraft rentals	231	223	459	437
Landing fees and other rentals	160	153	321	294
Maintenance, materials and repairs	119	162	232	322
Depreciation and amortization	112	111	225	216
Reservations and sales	101	124	203	252
Passenger servicing	73	96	150	187
Commissions	57	106	128	220
Fleet disposition/impairment losses	152	-	235	-
Stabilization Act grant adjustment	12	-	12	-
Other	<u>290</u>	<u>295</u>	<u>582</u>	<u>615</u>
	<u>2,307</u>	<u>2,419</u>	<u>4,487</u>	<u>4,795</u>
Operating Income (Loss)	<u>(115)</u>	<u>137</u>	<u>(301)</u>	<u>213</u>
Nonoperating Income (Expense):				
Interest expense	(91)	(72)	(173)	(144)
Interest income	6	13	11	28
Interest capitalized	9	15	20	30
Other, net	<u>(3)</u>	<u>(13)</u>	<u>(4)</u>	<u>(28)</u>
	<u>(79)</u>	<u>(57)</u>	<u>(146)</u>	<u>(114)</u>
Income (Loss) before Income Taxes and Minority Interest	(194)	80	(447)	99

Income Tax Benefit (Provision)	<u>65</u>	<u>(36)</u>	<u>155</u>	<u>(44)</u>
Income (Loss) before Minority Interest	(129)	44	(292)	55
Minority Interest	(8)	-	(8)	-
Distributions on Preferred Securities of Trust, net of applicable income taxes of \$1, \$1, \$3 and \$2, respectively	<u>(2)</u>	<u>(2)</u>	<u>(5)</u>	<u>(4)</u>
Net Income (Loss)	<u>\$(139)</u>	<u>\$ 42</u>	<u>\$(305)</u>	<u>\$ 51</u>
Basic Earnings (Loss) per Share	<u>\$(2.18)</u>	<u>\$ 0.77</u>	<u>\$(4.79)</u>	<u>\$ 0.93</u>
Diluted Earnings (Loss) per Share	<u>\$(2.18)</u>	<u>\$ 0.74</u>	<u>\$(4.79)</u>	<u>\$ 0.91</u>

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

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

ASSETS	June 30, <u>2002</u> (Unaudited)	December 31, <u>2001</u>	June 30, <u>2001</u> (Unaudited)
Current Assets:			
Cash and cash equivalents	\$ 1,177	\$1,132	\$1,008
Short-term investments	134	-	-
Accounts receivable, net	512	404	570
Spare parts and supplies, net	273	272	293
Deferred income taxes	162	192	142
Prepayments and other	<u>193</u>	<u>144</u>	<u>203</u>
Total current assets	<u>2,451</u>	<u>2,144</u>	<u>2,216</u>
Property and Equipment:			
Owned property and equipment:			
Flight equipment	6,764	5,592	5,017
Other	<u>1,175</u>	<u>1,092</u>	<u>1,018</u>
	7,939	6,684	6,035
Less: Accumulated depreciation	<u>1,438</u>	<u>1,249</u>	<u>1,077</u>
	<u>6,501</u>	<u>5,435</u>	<u>4,958</u>
Purchase deposits for flight equipment	<u>286</u>	<u>454</u>	<u>540</u>
Capital leases:			
Flight equipment	136	223	226
Other	<u>254</u>	<u>234</u>	<u>206</u>
	390	457	432
Less: Accumulated amortization	<u>118</u>	<u>193</u>	<u>180</u>
	<u>272</u>	<u>264</u>	<u>252</u>
Total property and equipment	<u>7,059</u>	<u>6,152</u>	<u>5,750</u>

total property and equipment	<u>1,009</u>	<u>9,100</u>	<u>9,700</u>
Routes and airport operating rights, net	<u>1,019</u>	<u>1,033</u>	<u>1,056</u>
Other Assets, net	<u>490</u>	<u>461</u>	<u>474</u>
Total Assets	<u>\$11,019</u>	<u>\$9,791</u>	<u>\$9,496</u>

(continued on next page)

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

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, <u>2002</u> (Unaudited)	December 31, <u>2001</u>	June 30, <u>2001</u> (Unaudited)
Current Liabilities:			
Current maturities of long-term debt and capital leases	\$ 429	\$ 355	\$ 372
Accounts payable	931	1,008	946
Air traffic liability	1,229	1,014	1,369
Accrued payroll and pensions	310	278	288
Accrued other liabilities	<u>342</u>	<u>291</u>	<u>242</u>
Total current liabilities	<u>3,241</u>	<u>2,946</u>	<u>3,217</u>
Long-Term Debt and Capital Leases	<u>5,093</u>	<u>4,198</u>	<u>3,724</u>
Deferred Income Taxes	<u>721</u>	<u>710</u>	<u>837</u>
Other	<u>571</u>	<u>533</u>	<u>224</u>
Commitments and Contingencies			
Minority Interest	<u>(13)</u>	<u>-</u>	<u>-</u>
Continental-Obligated Mandatorily Redeemable Preferred			
Securities of Subsidiary Trust Holding Solely Convertible	<u>243</u>	<u>243</u>	<u>243</u>
Subordinated Debentures issued by Continental			
Redeemable preferred stock of subsidiary	<u>5</u>	<u>-</u>	<u>-</u>
Stockholders' Equity:			
Preferred Stock - \$.01 par, 10,000,000 shares authorized; one	-	-	-
share of Series B issued and outstanding, stated at par value			
Class B common stock - \$.01 par, 200,000,000 shares			
authorized; 89,782,876, 88,617,001 and 80,125,882 shares			
issued as of June 30, 2002, December 31, 2001 and	1	1	1
June 30, 2001, respectively			
Additional paid-in capital	1,376	1,069	868
Retained earnings	1,056	1,361	1,507
Accumulated other comprehensive income (loss)	(135)	(130)	15
Treasury stock - 25,442,529 Class B shares as of			
June 30, 2002, December 31, 2001 and June 30, 2001,	<u>(1,140)</u>	<u>(1,140)</u>	<u>(1,140)</u>
at cost			
Total stockholders' equity	<u>1,158</u>	<u>1,161</u>	<u>1,251</u>

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

CONTINENTAL AIRLINES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Six Months	
	<u>Ended June 30,</u>	
	<u>2002</u>	<u>2001</u>
	(Unaudited)	
Net cash (used in) provided by operating activities	\$ <u>(26)</u>	\$ <u>390</u>
Cash Flows from Investing Activities:		
Purchase deposits paid in connection with future aircraft deliveries	(43)	(227)
Purchase deposits refunded in connection with aircraft delivered	172	88
Capital expenditures	(417)	(289)
(Purchase) sale of short-term investments	(134)	24
Other	<u>(6)</u>	<u>(12)</u>
Net cash used in investing activities	<u>(428)</u>	<u>(416)</u>
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net	216	200
Proceeds from sale of ExpressJet stock, net	447	-
Payments on long-term debt and capital lease obligations	(175)	(128)
Purchase of Class B common stock	-	(451)
Proceeds from issuance of Class B common stock	13	51
Other	<u>(2)</u>	<u>(9)</u>
Net cash provided by (used in) financing activities	<u>499</u>	<u>(337)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	45	(363)
Cash and Cash Equivalents - Beginning of Period	1,132	1,371

Cash and Cash Equivalents - End of Period	\$ <u>1,177</u>	\$ <u>1,008</u>
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Investing and Financing Activities Not Affecting Cash:

Property and equipment acquired through the issuance of debt	\$ 908	\$ 276
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Capital lease obligations incurred	\$ 18	\$ 69
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The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

CONTINENTAL AIRLINES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In our opinion, the unaudited consolidated financial statements included herein contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Such adjustments, except for nonrecurring adjustments, which have been separately disclosed, are of a normal, recurring nature. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 10-K"). As used in these Notes to Consolidated Financial Statements, the terms "Continental", "we", "us", "our" and similar terms refer to Continental Airlines, Inc. and, unless the context indicates otherwise, its subsidiaries.

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

NOTE 1 - EARNINGS (LOSS) PER SHARE

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

	Three Months		Six Months	
	<u>Ended June 30, __</u>		<u>Ended June 30, __</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	(Unaudited)		(Unaudited)	
Numerator for basic earnings (loss) per share - net income (loss)	\$(139)	\$ 42	\$(305)	\$ 51
Effect of dilutive securities:				
Distribution on Preferred Securities of Trust, net of income taxes	___-	__2	___-	__4
Numerator for diluted earnings (loss) per share - net income (loss) after	\$(139)	\$ 44	\$(305)	\$ 55

assumed conversions

Denominator:

Denominator for basic earnings (loss)	<u>63.8</u>	<u>54.2</u>	<u>63.7</u>	<u>54.6</u>
per share - weighted-average shares				

Effect of dilutive securities:

Employee stock options	-	0.8	-	0.9
Redeemable common stock from Northwest Repurchase	-	-	-	0.2
Preferred Securities of Trust	<u>-</u>	<u>4.2</u>	<u>-</u>	<u>4.2</u>
Dilutive potential common shares	<u>-</u>	<u>5.0</u>	<u>-</u>	<u>5.3</u>

Denominator for diluted earnings (loss)

per share - adjusted weighted-average and assumed conversions	<u>63.8</u>	<u>59.2</u>	<u>63.7</u>	<u>59.9</u>
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NOTE 2 - COMPREHENSIVE INCOME (LOSS)

We include in other comprehensive income (loss) unrealized gains and losses on available-for-sale securities, changes in minimum pension liabilities and changes in the fair value of derivative financial instruments, which are used from time to time to reduce the risk in fluctuations of fuel prices and some foreign currencies, each of which qualify for hedge accounting. During the second quarter of 2002 and 2001, total comprehensive income (loss) amounted to \$(154) million and \$44 million, respectively. For the six months ended June 30, 2002 and 2001, total comprehensive income (loss) amounted to \$(310) million and \$53 million, respectively. During the first half of 2002, the significant difference between net income (loss) and total comprehensive income (loss) was attributable to changes in the fair value of derivative financial instruments.

NOTE 3 - EXPRESSJET INITIAL PUBLIC OFFERING AND CAPACITY BUY AGREEMENT

Initial Public Offering

In April 2002, ExpressJet Holdings, Inc. ("Holdings"), our then wholly owned subsidiary and the sole stockholder of ExpressJet Airlines, Inc. ("ExpressJet") which operates as "Continental Express", sold 10 million shares of its common stock in an initial public offering and used the net proceeds of \$147 million to repay a portion of ExpressJet's indebtedness to us. In addition, we sold 20 million of our shares of Holdings common stock in the offering for net proceeds of \$300 million. The sale of Holdings' shares and our shares in the offering was accounted for as a capital transaction resulting in a \$291 million increase in additional paid-in capital and a \$175 million increase in tax liabilities. We contributed \$150 million of our proceeds to our defined benefit pension plan and used the remainder of our proceeds for general corporate purposes.

In connection with the offering, our ownership of Holdings fell to 53.1 percent. We do not currently intend to remain a stockholder of Holdings over the long term. Subject to market conditions, we may sell additional shares of Holdings common stock in the future. Under our lock-up agreement with the underwriters of the initial public offering, no such sale could occur prior to October 2002 without the consent of the underwriters. When our ownership of Holdings falls below 50%, we will deconsolidate Holdings from our financial statements.

Prior to the offering and in connection with an internal reorganization by Holdings, a subsidiary of Holdings issued preferred stock which is non-voting, has a liquidation preference of \$5 million, is mandatorily redeemable after the tenth anniversary of its issuance date and is callable after the third anniversary of its issuance date. The preferred stock was sold to a non-affiliated third party for a note in the original principal amount of \$5 million and is included on our balance sheet as redeemable preferred stock of subsidiary.

Capacity Purchase Agreement with ExpressJet

General. Effective January 1, 2001, we implemented a capacity purchase agreement with ExpressJet. Under the capacity purchase agreement, ExpressJet currently flies all of its aircraft on our behalf, and we handle scheduling, ticket prices and seat inventories for these flights. In exchange for ExpressJet's operation of the flights and performance of other obligations under the agreement, we pay them for each scheduled block hour based on an agreed formula. ExpressJet recognizes revenue based on the compensation it

earns from us for providing capacity. Under the agreement, we recognize all passenger, cargo and other revenue associated with each flight, and are responsible for all revenue-related expenses, including commissions, reservations, catering and passenger ticket processing expenses consisting primarily of revenue accounting costs.

Compensation and Operational Responsibilities. Under the agreement, we pay ExpressJet a base fee for each scheduled block hour based on a formula that will remain in place through December 31, 2004. The formula is designed to provide ExpressJet with an operating margin of approximately 10% before taking into account variations in some costs and expenses that are generally controllable by them.

The initial block hour rates are based on estimates of future costs we developed jointly with ExpressJet. These estimates may differ from ExpressJet's actual costs. If they do, our costs will be adjusted for some of ExpressJet's costs under the capacity purchase agreement. The adjusted block hour rates provide ExpressJet with revenue from us that is based on the sum of the following three components, generally differentiated by the nature of the operating costs ExpressJet incurs:

- i. Fully-reconciled costs. Actual costs incurred plus a 10% margin on fuel (margin payment capped at 61.1 cents per gallon in 2002 and 66.0 cents per gallon thereafter), aircraft rent, terminal facility rent, depreciation and amortization, on-time bonuses, 401(k), taxes other than income taxes, passenger liability insurance, hull insurance, landing fees, administrative and ground handling services provided by us, and regional jet engine maintenance expenses under long-term third party contracts.
- ii. Costs within the margin band. Forecasted costs plus a 10% margin on those costs implicit in the block hour rates (irrespective of actual costs incurred) on maintenance, materials, and repairs not included in (i) above, passenger facilities, other rentals, and other operating expenses. However, if ExpressJet's actual expenses in this category are sufficiently different from the forecasts implicit in the block hour rates so that its total operating margin -- excluding the effects of the costs in category (iii) below as well as unanticipated changes in its depreciation expense, any performance incentive payments, controllable cancellations, litigation costs and other costs that are not included in the block hour rates and are not reasonable and customary in the industry -- is either below 8.5% or above 11.5% calculated on a quarterly basis, then the overall revenue will be adjusted upward or downward to result in an 8.5% or 11.5% total operating margin as applicable.
- iii. Unreconciled costs. Forecasted costs incurred plus a 10% margin on those costs implicit in the block hour rates (irrespective of actual costs incurred) on wages and salaries, and benefits not included in categories (i) and (ii).

Our payments to ExpressJet under the capacity purchase agreement totaled \$980 million in 2001 and \$535 million in the first six months of 2002. Our future payments under the capacity purchase agreement are dependent on numerous variables, and therefore difficult to predict. The most important of those variables is the number of scheduled block hours, which takes into account the number of ExpressJet aircraft and our utilization rates of such aircraft. However, if we changed the utilization of ExpressJet's aircraft, we would also change the number of available seat miles on ExpressJet's flights and the revenue that we generate by selling those seats. Any decision by us to change the utilization of ExpressJet's aircraft (or to remove aircraft from the capacity purchase agreement) would be made by determining the net effect of such change on our income and cash flow, taking into account not only our cash commitment to ExpressJet but also our expected revenue from ExpressJet's flights.

Set forth below are estimates of our future minimum noncancellable commitments under the capacity purchase agreement. These estimates of our future minimum noncancellable commitments under the capacity purchase agreement do not include the portion of the underlying obligations for aircraft and facility rent that are disclosed as part of our consolidated operating lease commitments. For purposes of calculating these estimates, we have assumed (i) that ExpressJet's aircraft deliveries continue as scheduled through July 2004, (ii) an annual inflation rate of 2% beginning in 2005 (contracted rates through 2004), (iii) a fuel rate of 66 cents per gallon, (iv) that we exercise our rights to terminate the capacity purchase agreement at the earliest possible date permitted under the contract, (v) that prior to termination we exercise our rights to remove as many aircraft as quickly as contractually permitted from the capacity purchase agreement, (vi) an average daily utilization rate of 8.4 hours, and (vii) controllable cancellations are at historical levels resulting in no incentive compensation payable to ExpressJet. As a result, our future minimum noncancellable commitments under the capacity purchase agreement are estimated as follows (in millions):

July 1, 2002 through December 31, 2002	\$ 459
2003	1,104
2004	1,180
2005	1,049
2006	<u>529</u>
Total	<u>\$4,321</u>

It is important to note that in making the assumptions used to develop these estimates, we are attempting to estimate our minimum noncancellable commitments and not the amounts that we currently expect to pay to ExpressJet (which amounts are expected to be higher as we do not currently expect to reduce capacity under the agreement to the extent assumed above or terminate the agreement at the earliest possible date). In addition, our actual minimum noncancellable commitments to ExpressJet could differ materially from the estimates discussed above, because actual events could differ materially from the assumptions described above. For example, a 10% change in scheduled block hours (whether a result of change in delivery dates of aircraft or average daily

utilization) in 2003 would result in a change in cash obligations under the capacity purchase agreement of approximately 8% or \$91 million.

ExpressJet's base fee includes compensation for scheduled block hours associated with some cancelled flights, based on historical cancellation rates constituting rolling five-year monthly averages. To the extent that ExpressJet's rate of controllable cancellations, such as those due to maintenance or crew shortages, is less than its historical controllable cancellation rate, ExpressJet will be entitled to additional payments. On the other hand, ExpressJet will generally not be entitled to any such additional payments if controllable cancellations are above historical rates of cancellations. ExpressJet is also entitled to receive a small per-passenger fee and incentive payments for headstarts and baggage handling performance.

If a change of control (as defined in the agreement) of ExpressJet occurs without our consent, the block hour rates that we will pay under the agreement will be substantially reduced.

Some marketing-related costs normally associated with operating an airline are borne directly by us, since we are responsible for marketing under the capacity purchase agreement. We will continue to provide operational support to ExpressJet under the capacity purchase agreement, such as ground handling, and will provide certain administrative services for a limited period of time.

ExpressJet has agreed to meet with us each year beginning in 2004 to review and set the block hour rates to be paid in the following year, in each case based on the formula used to set the original block hour rates (including a 10% targeted operating margin). If we and ExpressJet cannot come to an agreement on the annual adjustments, we have agreed to submit our disagreement to arbitration. In addition, the agreement gives each party the right to "meet and confer" with the other regarding any material change in the underlying assumptions regarding the cost of providing services under the agreement and whether the compensation provisions of the agreement should be changed as a result, but does not require any party to agree to any change in the compensation provisions.

Capacity and Fleet Matters. The agreement covers all of ExpressJet's existing fleet, as well as the 116 Embraer regional jets subject to firm orders at June 30, 2002. Under the capacity purchase agreement, beginning July 1, 2003, we have the right to reduce the number of ExpressJet's aircraft covered by the contract upon 12 months' notice, resulting in the earliest effective date for capacity reduction of July 1, 2004. Under the agreement, we are entitled to decline capacity with respect to (a) any regional jets subject to firm orders that have not been delivered before the effective date of the reduction in capacity and (b) up to 25% of ExpressJet's delivered regional jets over any rolling three-year period. If we remove aircraft from the terms of the agreement, ExpressJet will have the option to (i) fly the released aircraft for another airline (subject to its ability to obtain facilities, such as gates and slots, and subject to its exclusive arrangement with us that prohibits ExpressJet during the term of the agreement from flying under its or another carrier's code in or out of our hub airports), (ii) fly the aircraft under ExpressJet's own flight designator code subject to its ability to obtain facilities, such as gates and slots, and subject to ExpressJet's exclusive arrangement with us at our hubs or (iii) decline to fly the aircraft and cancel the related subleases with us. If ExpressJet elects not to terminate these subleases, the interest rate implicit in calculating the scheduled lease payments will automatically increase by 200 basis points to compensate us for our continued participation in ExpressJet's lease financing arrangements.

Term of Agreement. The agreement expires on December 31, 2010; however, we may terminate the agreement at any time after January 1, 2006 upon 12 months' notice, or at any time without notice for cause (as defined in the agreement). We may also terminate the agreement at any time upon a material breach by ExpressJet that does not constitute cause and continues for 90 days after notice of such breach, or without notice or opportunity to cure if we determine that there is a material safety concern with ExpressJet's flight operations. We have the option to extend the term of the agreement with 24 months' notice for up to four additional five-year terms through December 31, 2030.

Service Agreements. We provide various services to ExpressJet and charge them at rates in accordance with the capacity purchase agreement. The services provided to ExpressJet by us include certain customer services such as ground handling and centralized services and infrastructure costs, including insurance, technology, accounting, legal, treasury, human resources and risk management. For providing these services, we charged ExpressJet approximately \$22 million, \$18 million, \$42 million and \$33 million for the three months ended June 30, 2002 and 2001 and the six months ended June 30, 2002 and 2001, respectively.

Note Receivable from ExpressJet. At June 30, 2002 we had a \$396 million note receivable from ExpressJet. Accrued interest on the note is payable quarterly by ExpressJet until March 31, 2003, at which time principal and interest will be payable in quarterly installments of \$27.9 million through March 31, 2007. The interest rate is fixed for each quarter at a rate equal to the three-month London interbank offered rate on the second business day prior to such quarter plus 1.25% per annum, subject to an aggregate cap of 3.50% in 2002, 5.35% in 2003 and 6.72% in 2004.

Leases. As of June 30, 2002, ExpressJet leased or subleased 174 of its aircraft under long-term operating leases from us (excluding 28 aircraft removed from service as discussed in Note 4). ExpressJet's sublease agreements with us have substantially the same terms as the lease agreements between us and the third-party lessors, and expire between 2002 and 2017. ExpressJet leases or subleases, under various operating leases, ground equipment and substantially all of its ground facilities, including facilities at public airports, from us or the municipalities or agencies owning and controlling such airports. If ExpressJet defaults on its payment obligations under its aircraft subleases with us, we are entitled to reduce any payments required to be made by us to ExpressJet under the capacity purchase agreement by the amount of the defaulted payment.

ExpressJet's total rental expense for all non-aircraft operating leases with us was approximately \$2 million, \$2 million, \$4 million and \$4 million for the three months ended June 30, 2002 and 2001 and the six months ended June 30, 2002 and 2001, respectively. ExpressJet's total rental expense related to aircraft leases with us was approximately \$49 million, \$41 million, \$96 million and \$79 million for the three months ended June 30, 2002 and 2001 and the six months ended June 30, 2002 and 2001, respectively.

Deferred Taxes. In conjunction with Holdings' offering, our tax basis in the stock of Holdings and the tax basis of ExpressJet's tangible and intangible assets were increased to fair value. This increase in basis has resulted in the utilization of a substantial amount of ExpressJet's state net operating loss carryovers and our federal and state net operating losses. The increased tax basis should result in additional tax deductions available to ExpressJet over a period of 15 years. To the extent ExpressJet generates taxable income sufficient to realize the additional tax deductions, it will be required to pay us a percentage of the amount of tax savings actually realized, excluding the effect of any loss carrybacks. ExpressJet will be required to pay us 100% of the first third of the anticipated tax benefit, 90% of the second third, and 80% of the last third. However, if the anticipated benefits are not realized by the end of 2018, ExpressJet will be obligated to pay us 100% of any benefits realized after that date. We will not recognize for accounting purposes the benefit of the tax savings associated with ExpressJet's asset step-up until paid to us by ExpressJet due to the uncertainty of realization.

Other. So long as we are ExpressJet's largest customer, if it enters into an agreement with another major airline to provide regional airline services on a capacity purchase or other similar economic basis for 10 or more aircraft on terms and conditions that are in the aggregate less favorable to ExpressJet than the terms and conditions of the capacity purchase agreement, we will be entitled to amend our capacity purchase agreement to conform the terms and conditions of the capacity purchase agreement to the terms and conditions of the agreement with the other major airline.

NOTE 4 - AIRCRAFT PURCHASE COMMITMENTS

As shown in the following table at June 30, 2002, our aircraft fleet consisted of 374 mainline jets, 158 regional jets and 20 turboprop aircraft. Our purchase commitments (orders) and aircraft options as of June 30, 2002 are also included in the table.

Aircraft Type	Total Aircraft	(a)	<u>Owned</u>	<u>Leased</u>	<u>Orders</u>	<u>Options</u>
777-200ER	18	6	12	-	3	
767-400ER	16	14	2	-	-	
767-200ER	10	9	1	-	2	
757-300	4	4	-	11	11	
757-200	41	13	28	-	-	
737-900	12	8	4	3	12	
737-800	77	22	55	38	35	
737-700	36	12	24	15	24	
737-500	66	15	51	-	-	
737-300	59	11	48	-	-	
MD-80	<u>35</u>	<u>8</u>	<u>27</u>	<u>-</u>	<u>-</u>	
Mainline Jets	<u>374</u>	<u>122</u>	<u>252</u>	<u>67</u>	<u>87</u>	
ERJ-145XR	-	-	-	104	100	
ERJ-145	128	18	110	12	-	
ERJ-135	<u>30</u>	<u>-</u>	<u>30</u>	<u>-</u>	<u>-</u>	
Regional Jets	<u>158</u>	<u>18</u>	<u>140</u>	<u>116</u>	<u>100</u>	
Total Jets	532	140	392			
ATR-42-320	<u>20</u>	<u>8</u>	<u>12</u>	-	-	
Total	<u>552</u>	<u>148</u>	<u>404</u>	<u>183</u>	<u>187</u>	

- a. Excludes aircraft removed from service during any time period prior to June 30, 2002, but that continue to be owned by or under lease to us. These aircraft consist of 15 DC-10-30 aircraft, 18 MD-80 aircraft, six 737-300 aircraft, two 747-200 aircraft, two 727-200 aircraft, 18 EMB-120 turboprop aircraft and ten ATR-42 turboprop aircraft (42 of which are subject to leases).

In the first half of 2002, we took delivery of 20 Boeing jet aircraft, returned nine MD-80 aircraft to service and removed seven MD-80 aircraft from service. For the remainder of the year, we currently plan to return two MD-80 aircraft and three 737-300 aircraft to service and plan to remove from service five MD-80 aircraft, four 737-300 aircraft and one 737-500 aircraft (in conjunction with the expiration of their leases).

ExpressJet took delivery of 21 Embraer regional jet aircraft in the first half of 2002 and retired 13 turboprop aircraft. During the remainder of 2002, ExpressJet plans to take delivery of 30 additional Embraer regional jet aircraft (including the first Embraer long range aircraft) and retire from service 13 turboprop aircraft (eight of which are subject to leases). ExpressJet plans to retire all of its remaining turboprop aircraft by the first quarter of 2003.

As of June 30, 2002, the estimated aggregate cost of our firm commitments for 67 Boeing aircraft was approximately \$2.6 billion. No additional deliveries of Boeing aircraft are planned until the fourth quarter of 2003. We do not have financing currently in place for these 67 aircraft, which are scheduled for delivery through 2008. In addition, at June 30, 2002, we had firm commitments for approximately \$120 million to purchase 19 spare engines for these aircraft. These engines are deliverable through March 2005.

As of June 30, 2002, the estimated aggregate cost of ExpressJet's firm commitments for 116 Embraer regional jets was approximately \$2.3 billion. In addition, as of June 30, 2002, ExpressJet expected to purchase 23 spare engines for approximately \$68 million. These spare engines are deliverable through the first quarter of 2005. Neither we nor ExpressJet have any obligation to take any of these firm Embraer aircraft that are not financed by a third party and leased to us. Neither we nor ExpressJet have any financing currently in place for the 23 spare engines.

NOTE 5 - SPECIAL CHARGES

As a result of the continued weak revenue environment, we made a decision in the second quarter to permanently ground ExpressJet's leased turboprop aircraft and certain leased MD-80 aircraft. We accrued \$37 million (\$59 million before taxes) primarily related to lease payments past the dates the aircraft will be removed from service, which will occur in the next 12 months, as well as return condition and storage costs. We also performed an impairment assessment of our owned aircraft during the second quarter based on our revised cash flow forecasts that are reflective of the weak revenue environment. As a result of the impairment assessment, we concluded that the carrying values of our owned turboprop and MD-80 fleets were not recoverable and recorded an impairment charge of \$59 million (\$93 million before taxes) to reduce the carrying value of these aircraft to their estimated fair value.

In the first quarter of 2002, we recorded a fleet charge of \$52 million (\$83 million before taxes) in connection with the permanent grounding and retirement of our leased DC-10-30 fleet. The majority of the charge related to future commitments under noncancelable lease agreements past the dates the aircraft were permanently removed from service. The remainder of the accrual relates to costs expected to be incurred relating to the storage and return of these aircraft. Cash payments related to the accruals established under this charge totaled approximately \$15 million during the first half of 2002.

As of June 30, 2002, 48 aircraft in our possession were permanently grounded, including 29 aircraft subject to leases. We plan to sell the 19 owned aircraft, which are being carried at an aggregate fair market value of \$28 million and explore sublease opportunities for certain of the leased aircraft. The timing of the disposition of these aircraft is dependent upon the stabilization of the economic environment in the airline industry as well as our ability to find purchasers for the aircraft. We cannot predict when such stabilization will occur or if purchasers can be found, and it is possible that our assets could suffer additional impairment.

NOTE 6 - OTHER

In July 2001, the Financial Accounting Standards Board issued Financial Accounting Standard No. 142 - "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 includes requirements to test goodwill and indefinite-lived intangible assets for impairment rather than amortize them. Effective January 1, 2002, we adopted SFAS 142 and discontinued amortization of our goodwill recorded on equity investments and routes, which are indefinite-lived intangible assets. This change will result in reduced expense of approximately \$23 million on an annualized basis. SFAS 142 requires us to test routes for impairment annually, beginning in the first quarter of 2002. We performed the first of these impairment tests as of January 1, 2002 and determined that we did not have any impairment of our routes upon adoption based on our assessment of fair values.

Pro forma results for the three and six months ended June 30, 2001, assuming the discontinuation of amortization of routes, are shown below (in millions, except per share data).

	Three Months Ended	Six Months Ended
	<u>June 30, 2001</u>	<u>June 30, 2001</u>
Reported net income	\$ 42	\$ 51

Route amortization, net of taxes	<u>3</u>	<u>7</u>
Adjusted net income	\$ <u>45</u>	\$ <u>58</u>

Basic earnings per share:

As reported	\$0.77	\$0.93
Route amortization, net of taxes	<u>0.06</u>	<u>0.13</u>
As adjusted	<u>\$0.83</u>	<u>\$1.06</u>

Diluted earnings per share:

As reported	\$0.74	\$0.91
Route amortization, net of taxes	<u>0.05</u>	<u>0.12</u>
As adjusted	<u>\$0.79</u>	<u>\$1.03</u>

In August 2001, the Financial Accounting Standards Board issued Financial Accounting Standard No. 144 - "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes SFAS 121 and the portion of the Accounting Principle Board Opinion No. 30 that deals with disposal of a business segment. Effective January 1, 2002, we adopted SFAS 144, which had no effect on our results of operations.

In the second quarter of 2002, we filed our final application for a grant under the Air Transportation Safety and System Stabilization Act (the "Stabilization Act"). We recorded a charge of \$8 million (\$12 million before taxes) to write down our receivable from the U.S. government based on this final application. We received a grant of \$30 million in cash in the second quarter and expect to receive the balance of the grant, \$20 million, by September 30, 2002.

During the second quarter of 2002, we awarded our officers an aggregate of 444,750 shares of restricted stock to incentivize them to remain with Continental and guide it through the industry's recovery period. The restricted stock was awarded pursuant to our equity incentive plans and had a fair value on the grant date of \$12.5 million (\$28.10 per share). The restricted stock is scheduled to vest in 25% increments on the first four anniversaries of the grant. Compensation expense of \$1.5 million related to the restricted stock was recognized in the second quarter of 2002.

In addition, in June of 2002, we granted stock options with respect to approximately six million shares of our common stock to approximately 400 management employees (including our officers) pursuant to our equity incentive plans at an exercise price of \$15.78, which was the fair market value on the date of grant. The options have a weighted average remaining contractual life of five years, and approximately 3 million shares are currently exercisable. These options were granted to incentivize management to remain with Continental and guide it through the industry's recovery period. The total of all stock options outstanding after this grant is approximately 9.7% of total shares outstanding, assuming all stock options were exercised.

The closing price of our common stock on July 15, 2002 was \$11.56 per share.

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

Results of Operations.

The following discussion contains forward-looking statements that are not limited to historical facts, but reflect our current beliefs, expectations or intentions regarding future events. In connection therewith, please see the risk factors set forth in our 2001 10-K, which identify important factors such as terrorist attacks and the resulting regulatory developments and costs, our recent operating losses and special charges, our high leverage and significant financing needs, our historical operating results, the significant cost of aircraft fuel, labor costs, certain tax matters, the Japanese economy and currency risk, competition and industry conditions, regulatory matters and the seasonal nature of the airline business (the second and third quarters are generally stronger than the first and fourth quarters), that could cause actual results to differ materially from those in the forward-looking statements.

RESULTS OF OPERATIONS

The following discussion provides an analysis of our results of operations and reasons for material changes therein for the three and six months ended June 30, 2002 as compared to the corresponding periods ended June 30, 2001.

Comparison of Three Months Ended June 30, 2002 to Three Months Ended June 30, 2001

Revenue passenger miles and available seat miles were down quarter over quarter due to traffic declines and our reduced flight schedule since the events of September 11, 2001. Despite improving load factors, industry fare discounting has negatively impacted both yield and breakeven load factor quarter over quarter.

We incurred a consolidated net loss of \$139 million for the three months ended June 30, 2002 as compared to producing consolidated net income of \$42 million for the three months ended June 30, 2001. Included in the net loss is a fleet charge of \$96 million (\$152 million before taxes) primarily related to the impairment (owned aircraft) and accrual of lease exit costs (leased aircraft) of our MD-80 and turboprop fleets and an \$8 million charge (\$12 million before taxes) related to the write down of our receivable from the U.S. government related to the finalization of the Stabilization Act grant.

Passenger revenue decreased 14.8%, \$358 million, during the quarter ended June 30, 2002 as compared to the same period in 2001, which was principally due to traffic and capacity declines and fare discounting following the September 11, 2001 terrorist attacks and the continuing weak economy.

Cargo, mail and other revenue decreased 4.4%, \$6 million, in the second quarter of 2002 compared to the second quarter of 2001 primarily due to lower freight volumes and yield and new security restrictions that reduced mail volumes, partially offset by higher contract revenue.

Wages, salaries and related costs decreased 6.8%, \$54 million, during the quarter ended June 30, 2002 as compared to the same period in 2001 primarily due to a reduction in the number of employees as a result of reduced flying, partially offset by higher wage rates.

Aircraft fuel expense decreased 27.2%, \$95 million, in the three months ended June 30, 2002 as compared to the same period in the prior year. The average jet fuel price per gallon decreased 16.2% from 81.49 cents in the second quarter of 2001 to 68.27 cents in the second quarter of 2002. Jet fuel consumption decreased 14.7% principally reflecting decreased flight operations and the fuel efficiency of our younger fleet. During the second quarter of 2002 and 2001, we also recognized gains of approximately \$6 million and \$4 million, respectively, relating to our fuel hedging program, which is reflected in fuel expense.

Aircraft rentals increased 3.6%, \$8 million, in the second quarter of 2002 compared to the second quarter of 2001, due to the delivery of new aircraft.

Landing fees and other rentals increased 4.6%, \$7 million, in the three months ended June 30, 2002 as compared to the same period in the prior year primarily due to higher landing fees resulting from rate increases.

Maintenance, materials and repairs decreased 26.5%, \$43 million, during the quarter ended June 30, 2002 as compared to the same period in 2001 primarily due to the replacement of older aircraft with new aircraft.

Depreciation and amortization expense increased 0.9%, \$1 million, in the second quarter of 2002 compared to the second quarter of 2001 due principally to the addition of new owned aircraft and related spare parts, partially offset by the discontinuation of amortization of routes.

Reservations and sales decreased 18.5%, \$23 million, in the three months ended June 30, 2002 as compared to the same period in 2001 primarily due to lower computer reservation system booking fees and credit card discount fees as a result of lower revenue.

Passenger servicing decreased 24.0%, \$23 million, in the second quarter of 2002 compared to the second quarter of 2001 primarily due to a decrease in food costs and aircraft supplies resulting from fewer passengers.

Commission expense decreased 46.2%, \$49 million in the second quarter of 2002 compared to the second quarter of 2001 due to lower revenue and the elimination of domestic base commissions.

In the second quarter of 2002, we recorded a fleet charge of \$96 million (\$152 million before taxes) primarily related to the impairment (owned aircraft) and accrual of lease exit costs (leased aircraft) of our MD-80 and turboprop fleets. See Note 5.

We recorded an \$8 million charge (\$12 million before taxes) related to the write down of our receivable from the U.S. government related to the finalization of the Stabilization Act grant. See Note 6.

Other operating expense decreased 1.7%, \$5 million, in the three months ended June 30, 2002 as compared to the same period in the prior year, primarily as a result of decreases in outsourced services and other miscellaneous expenses resulting from reduced capacity, which was partially offset by increased insurance and security costs.

Interest expense increased 26.4%, \$19 million, in the second quarter of 2002 compared to the second quarter of 2001 due to an increase in long-term debt primarily resulting from the purchase of new aircraft.

Interest income decreased 53.8%, \$7 million, in the second quarter of 2002 compared to the second quarter of 2001 due to lower interest rates.

Other nonoperating income (expense) in the three months ended June 30, 2001, included foreign currency losses of \$4 million, as well as net losses of \$4 million related to the interest component of premiums paid on fuel hedges.

We are required to accrue income tax expense on our share of ExpressJet's net income after the initial public offering in all periods where we either consolidate their operations or account for our investment under the equity method of accounting. The accrual of this income tax expense reduced our tax benefit by approximately \$3 million for the quarter ended June 30, 2002.

Comparison of Six Months Ended June 30, 2002 to Six Months Ended June 30, 2001

Revenue passenger miles and available seat miles were down year over year due to traffic declines and our reduced flight schedule since the events of September 11, 2001. Despite improving load factors, industry fare discounting has negatively impacted both yield and breakeven load factor year over year.

We incurred a consolidated net loss of \$305 million and produced consolidated net income of \$51 million for the six months ended June 30, 2002 and 2001, respectively. Included in the net loss is a fleet charge of \$96 million (\$152 million before taxes) primarily related to the impairment (owned aircraft) and accrual of lease exit costs (leased aircraft) of our MD-80 and turboprop fleets, an \$8 million charge (\$12 million before taxes) related to the write down of our receivable from the U.S. government related to the finalization of the Stabilization Act grant, and a fleet charge of \$52 million (\$83 million before taxes) related to the permanent grounding and retirement of our leased DC-10-30 fleet.

Passenger revenue decreased 16.8%, \$792 million, during the six months ended June 30, 2002 as compared to the same period in 2001. The decrease was principally due to traffic and capacity declines and fare discounting following the September 11, 2001 terrorist attacks and the continuing weak economy.

Cargo, mail and other revenue decreased 10.6%, \$30 million, during the six months ended June 30, 2002 as compared to the same period in 2001 primarily due to lower freight volumes and yield and new security restrictions that reduced mail volumes, partially offset by higher contract revenue.

Wages, salaries and related costs decreased 5.1%, \$80 million, during the six months ended June 30, 2002 as compared to the same period in 2001, primarily due to a reduction in the number of employees as a result of reduced flying, partially offset by higher wage rates.

Aircraft fuel expense decreased 33.4%, \$232 million, in the six months ended June 30, 2002 as compared to the same period in the prior year. The average price per gallon decreased 23.0% from 83.61 cents in the first six months of 2001 to 64.37 cents in the first six months of 2002. Jet fuel consumption decreased 15.5%, principally reflecting decreased flight operations and the fuel efficiency of our younger fleet. During the first six months of 2002 and 2001, we also recognized gains of approximately \$6 million and \$2 million, respectively, related to our fuel hedging program, which is reflected in fuel expense.

Aircraft rentals increased 5.0%, \$22 million, during the six months ended June 30, 2002 as compared to the same period in 2001, due to the delivery of new aircraft.

Landing fees and other rentals increased 9.2%, \$27 million, in the six months ended June 30, 2002 as compared to the same period in the prior year primarily due to higher landing fees resulting from rate increases and higher facilities rent (partially attributable to the completion of a portion of the Global Gateway project at Newark International Airport).

Maintenance, materials and repairs decreased 28.0%, \$90 million, during the six months ended June 30, 2002 as compared to the same period in the prior year primarily due to the replacement of older aircraft with new aircraft.

Depreciation and amortization expense increased 4.2%, \$9 million, in the first six months of 2002 compared to the same period in 2001 primarily due to the addition of new owned aircraft and related spare parts, partially offset by the discontinuation of amortization of routes.

Reservations and sales expense decreased 19.4%, \$49 million, in the first six months of 2002 compared to the same period in 2001 primarily due to lower computer reservation system booking fees and credit card discount fees as a result of lower revenue.

Passenger servicing decreased 19.8%, \$37 million, during the six months ended June 30, 2002 as compared to the same period in 2001 primarily due to a decrease in food costs and aircraft supplies resulting from fewer passengers.

Commission expense decreased 41.8%, \$92 million, during the six months ended June 30, 2002 as compared to the same period in 2001 due to lower revenue and the elimination of domestic base commissions.

In the second quarter of 2002, we recorded a fleet charge of \$96 million (\$152 million before taxes) primarily related to the impairment (owned aircraft) and accrual of lease exit costs (leased aircraft) of our MD-80 and turboprop fleets. In the first quarter of 2002, we recorded a fleet charge of \$52 million (\$83 million before taxes) in connection with the permanent grounding and retirement of our leased DC-10-30 fleet. See Note 5.

We recorded a \$12 million charge related to the write down of our receivable from the U.S. government related to the finalization of the Stabilization Act grant. See Note 6.

Other operating expense decreased 5.4%, \$33 million, in the six months ended June 30, 2002 as compared to the same period in the prior year, primarily as a result of decreases in outsourced services and other miscellaneous expenses resulting from reduced capacity, which was partially offset by increased insurance and security costs.

Interest expense increased 20.1%, \$29 million, in the six months ended June 30, 2002 compared to the same period in the prior year due to an increase in long-term debt primarily resulting from the purchase of new aircraft.

Interest income decreased 60.7%, \$17 million, in the first half of 2002 compared to the first half of 2001 due to lower interest rates.

Other nonoperating income (expense) in the six months ended June 30, 2001 included our equity in the net losses of certain investments of \$6 million, foreign currency losses of \$4 million and net losses of \$9 million related to the interest component of premiums paid on fuel hedges.

Certain Statistical Information

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

	Three Months Ended		Net
	June		Increase/
	30, _____		
	<u>2002</u>	<u>2001</u>	(Decrease)
Revenue passengers (thousands)	10,727	12,256	(12.5)%
Revenue passenger miles (millions) (1)	15,486	17,053	(9.2)%
Available seat miles (millions) (2)	20,573	22,813	(9.8)%
Cargo ton miles (millions)	224	245	(8.6)%
Passenger load factor (3)	75.3%	74.8%	0.5 pts.
Consolidated passenger load factor (4)	74.6%	74.3%	0.3 pts.
Consolidated breakeven passenger load factor (4)(5)(6)	76.9%	71.2%	5.7 pts.
Passenger revenue per available seat mile (cents)	8.82	9.52	(7.4)%
Total revenue per available seat mile (cents)	9.68	10.28	(5.8)%
Operating cost per available seat mile (cents) (6)	9.12	9.41	(3.1)%
Average yield per revenue passenger mile (cents) (7)	11.71	12.73	(8.0)%
Average price per gallon of fuel, excluding fuel taxes (cents)	68.27	81.49	(16.2)%
Average price per gallon of fuel, including fuel taxes (cents)	72.34	85.71	(15.6)%
Fuel gallons consumed (millions)	332	389	(14.7)%
Average fare per revenue passenger	\$169.11	\$177.14	(4.5)%
Average daily utilization of each aircraft (hours) (8)	9:41	10:53	(11.0)%
Actual aircraft in fleet at end of period (9)	374	377	(0.8)%
Average length of aircraft flight (miles)	1,230	1,193	3.1 %

	Six Months Ended		Net
	June		Increase/
	2002	2001	(Decrease)
Revenue passengers (thousands)	20,784	23,476	(11.5)%
Revenue passenger miles (millions) (1)	29,518	32,167	(8.2)%
Available seat miles (millions) (2)	39,525	44,271	(10.7)%
Cargo ton miles (millions)	432	498	(13.3)%
Passenger load factor (3)	74.7%	72.7%	2.0 pts.
Consolidated passenger load factor (4)	73.8%	72.0%	1.8 pts.
Consolidated breakeven passenger load factor (4)(5)(6)	79.7%	70.3%	9.4 pts.
Passenger revenue per available seat mile (cents)	8.79	9.63	(8.7)%
Total revenue per available seat mile (cents)	9.66	10.44	(7.5)%
Operating cost per available seat mile (cents) (6)	9.38	9.65	(2.8)%
Average yield per revenue passenger mile (cents) (7)	11.77	13.26	(11.2)%
Average price per gallon of fuel, excluding fuel taxes (cents)	64.37	83.61	(23.0)%
Average price per gallon of fuel, including fuel taxes (cents)	68.51	88.09	(22.2)%
Fuel gallons consumed (millions)	640	757	(15.5)%
Average fare per revenue passenger	\$167.22	\$181.68	(8.0)%
Average daily utilization of each aircraft (hours) (8)	9:36	10:49	(11.3)%
Actual aircraft in fleet at end of period (9)	374	377	(0.8)%
Average length of aircraft flight (miles)	1,203	1,179	2.0 %

We have entered into block-space arrangements with certain other carriers whereby one or both of us is obligated to purchase capacity on the other. The table above does not include the statistics for our capacity that has been purchased by another carrier.

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. Includes aircraft operated by ExpressJet.

5. The percentage of seats that must be occupied by revenue passengers in order for us to breakeven on a net income basis, excluding nonrecurring charges and other special items.

6. Excludes fleet disposition/impairment losses of \$152 million for the three months ended June 30, 2002 and \$235 million for the six months ended June 30, 2002 and Stabilization Act grant adjustment of \$12 million for the three and six months ended June 30, 2002.

7. The average revenue received for each mile a revenue passenger is carried.

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

9. Excludes aircraft removed from service during any time prior to June 30, 2002 or 2001, as applicable, but that continue to be owned by or under lease to us. The June 30, 2002 fleet count excludes 15 DC-10-30 aircraft, 18 MD-80 aircraft, six 737-300 aircraft, two 747-200 aircraft and two 727-200 aircraft. The June 30, 2001 fleet count excludes six DC-10-30 aircraft, four DC-10-30 aircraft subleased to a third party, two 747-200 aircraft and two 727-200 aircraft.

LIQUIDITY AND CAPITAL COMMITMENTS

As of June 30, 2002, we had \$1.3 billion in cash, cash equivalents and short-term investments, including \$131 million of cash at ExpressJet. Cash flows used in operations for the six months ended June 30, 2002 were \$26 million. Cash flows used in investing activities, primarily capital expenditures and purchase of short-term investments, were \$428 million for the six months ended June 30, 2002. Cash flows provided by financing activities, primarily from the sale of Holdings stock and the issuance of long-term debt, partially offset by the payment of debt, were \$499 million for the six months ended June 30, 2002.

Based on current information and trends (including currently anticipated unit costs), we expect to incur a significant loss for the full year 2002.

Together with our subsidiaries, we received \$30 million in cash in the second quarter of 2002 and expect to receive the balance of the grant under the Stabilization Act, \$20 million, by September 30, 2002.

We do not currently have any lines of credit, but have unencumbered assets, consisting primarily of spare parts, with a net book value in excess of \$1.0 billion at June 30, 2002 which could be pledged in connection with future financings.

We expect to fund our 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.

General Financing. In the first quarter of 2002, we issued \$200 million of 4.5% convertible notes due February 1, 2007 for net proceeds of \$195 million. The notes are convertible into our common stock at an initial conversion price of \$40 per share. The notes are redeemable at our option on or after February 5, 2005, at specified redemption prices. The proceeds are being used for general corporate purposes.

In April 2002, we received net proceeds of \$447 million from ExpressJet's initial public offering. The sale of Holdings' shares and our shares in the offering was accounted for as a capital transaction resulting in a \$291 million increase in additional paid-in capital and a \$175 million increase in tax liabilities. We contributed \$150 million of our proceeds to our defined benefit pension plan and used the remainder of our proceeds for general corporate purposes.

In connection with the offering, our ownership of Holdings fell to 53.1 percent. We do not currently intend to remain a stockholder of Holdings over the long term. Subject to market conditions, we may sell additional shares of Holdings common stock in the future. Under our lock-up agreement with the underwriters of the initial public offering, no such sale could occur prior to October 2002 without the consent of the underwriters. Our capacity purchase agreement with ExpressJet provides that we purchase in advance all of its available seat miles for a negotiated price, and we are at risk for reselling the available seat miles at market prices. If we sold sufficient stock of Holdings to stop consolidating the results of ExpressJet for accounting purposes, we would expect diluted cash flows due to our payments under the capacity purchase agreement and lower earnings due to the targeted operating margin under the capacity purchase agreement with ExpressJet. For example, for the six months ended June 30, 2002, our pre-tax loss of approximately \$447 million included pre-tax income for ExpressJet of approximately \$67 million.

Aircraft and Facilities Financing. In March 2002, we completed the public offering of \$329 million of pass-through certificates along with the private placement of \$146 million of pass-through certificates to be funded upon the delivery of each aircraft. The proceeds were used to finance the acquisition cost of seven new aircraft delivered in the first half of 2002.

Purchase Commitments. We have substantial commitments for capital expenditures, including for the acquisition of new aircraft. See Note 4.

Our net capital expenditures during the six months ended June 30, 2002, including purchase deposits paid and refunded, were \$288 million. For the remainder of the year, we expect capital expenditures for fleet (including purchase deposit activity) and non-fleet (primarily relating to software application and automation infrastructure projects, aircraft modifications, passenger terminal facility improvements and office, maintenance, telecommunications and ground equipment) to be \$137 million.

Capacity Purchase Commitments. Our payments to ExpressJet under the capacity purchase agreement totaled \$980 million in 2001 and \$535 million in the first six months of 2002. Our future payments under the capacity purchase agreement are dependent on numerous variables, and therefore difficult to predict. The most important of those variables is the number of scheduled block hours, which takes into account the number of ExpressJet aircraft and our utilization rates of such aircraft. However, if we changed the utilization of ExpressJet's aircraft, we would also change the number of available seat miles on ExpressJet's flights and the revenue that we generate by selling those seats. Any decision by us to change the utilization of ExpressJet's aircraft (or to remove aircraft from the capacity purchase agreement) would be made by determining the net effect of such change on our income and cash flow, taking into account not only our cash commitment to ExpressJet but also our expected revenue from ExpressJet's flights.

Set forth below are estimates of our future minimum noncancellable commitments under the capacity purchase agreement. These estimates of our future minimum noncancellable commitments under the capacity purchase agreement do not include the portion of the underlying obligations for aircraft and facility rent that are disclosed as part of our consolidated operating lease commitments. For purposes of calculating these estimates, we have assumed (i) that ExpressJet's aircraft deliveries continue as scheduled through July 2004, (ii) an annual inflation rate of 2% beginning in 2005 (contracted rates through 2004), (iii) a fuel rate of 66 cents per gallon, (iv) that we exercise our rights to terminate the capacity purchase agreement at the earliest possible date permitted under the contract, (v) that prior to termination we exercise our rights to remove as many aircraft as quickly as contractually permitted from

the capacity purchase agreement, (vi) an average daily utilization rate of 8.4 hours, and (vii) controllable cancellations are at historical levels resulting in no incentive compensation payable to ExpressJet. As a result, our future minimum noncancellable commitments under the capacity purchase agreement are estimated as follows (in millions):

July 1, 2002 through December 31, 2002	\$ 459
2003	1,104
2004	1,180
2005	1,049
2006	<u>529</u>
Total	<u>\$4,321</u>

It is important to note that in making the assumptions used to develop these estimates, we are attempting to estimate our minimum noncancellable commitments and not the amounts that we currently expect to pay to ExpressJet (which amounts are expected to be higher as we do not currently expect to reduce capacity under the agreement to the extent assumed above or terminate the agreement at the earlier possible date). In addition, our actual minimum noncancellable commitments to ExpressJet could differ materially from the estimates discussed above, because actual events could differ materially from the assumptions described above. For example, a 10% change in scheduled block hours (whether a result of change in delivery dates of aircraft or average daily utilization) in 2003 would result in a change in cash obligations under the capacity purchase agreement of approximately 8% or \$91 million.

Deferred Taxes. As of December 31, 2001, we had a net deferred tax liability of \$518 million including gross deferred tax assets aggregating \$976 million, \$532 million related to net operating losses ("NOLs"), and a valuation allowance of \$245 million.

Section 382 of the Internal Revenue Code ("Section 382") imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders by more than 50 percentage points over a three-year period. If an ownership change occurred, utilization of our NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax exempt rate (which was 5.01% for June 2002). Any unused annual limitation may be carried over to later years, and the amount of the limitation may, under certain circumstances, be increased by any built-in gains in assets held at the time of the change that we recognize in the five-year period after the change. Under current conditions, if an ownership change occurred, our annual NOL utilization would be limited to approximately \$49 million per year, excluding any future built-in gain transactions.

In conjunction with Holdings' offering, our tax basis in the stock of Holdings and the tax basis of ExpressJet's tangible and intangible assets were increased to fair value. This increase in basis has resulted in the utilization of a substantial amount of ExpressJet's state net operating loss carryovers and our federal and state net operating losses. The increased tax basis should result in additional tax deductions available to ExpressJet over a period of 15 years. To the extent ExpressJet generates taxable income sufficient to realize the additional tax deductions, it will be required to pay us a percentage of the amount of tax savings actually realized, excluding the effect of any loss carrybacks. ExpressJet will be required to pay us 100% of the first third of the anticipated tax benefit, 90% of the second third, and 80% of the last third. However, if the anticipated benefits are not realized by the end of 2018, ExpressJet will be obligated to pay us 100% of any benefits realized after that date. We will not recognize for accounting purposes the benefit of the tax savings associated with ExpressJet's asset step-up until paid to us by ExpressJet due to the uncertainty of realization.

Employees. A collective bargaining agreement between us and our mechanics (who are represented by the International Brotherhood of Teamsters ("Teamsters")) became amendable in January 2002, and additional agreements between each of us and ExpressJet and our respective pilots (who are represented by the Air Line Pilots Association International ("ALPA")) are amendable in October 2002. In addition, collective bargaining agreements between our wholly owned subsidiary, Continental Micronesia, Inc. ("CMI"), and its mechanics and fleet and passenger service employees (represented by the Teamsters) became amendable in March 2001. Negotiations were deferred due to the continuing economic uncertainty following the September 11, 2001 terrorist attacks. Negotiations recommenced with the Teamsters in the first quarter of 2002. The parties jointly requested mediation assistance from the National Mediation Board, and will resume negotiations with a mediator on July 19, 2002. Negotiations commenced with ALPA on July 16, 2002.

Outlook. Based on current information and trends (including currently anticipated unit costs), we expect to incur a significant loss for the full year 2002. Although load factors have improved, they have done so against significantly reduced capacity. The reduced capacity, coupled with the fact that many of our costs are fixed in the intermediate to long term, will continue to drive higher unit costs. Cost per available seat mile for 2002 is expected to increase 1%, holding fuel rate constant, as compared to 2001. We expect to reduce commission expense by approximately \$100 million on an annual basis as a result of changes to our commission structure. Business traffic in most markets continues to be weak, and carriers continue to offer reduced fares to attract passengers, which lowers our passenger revenue and yields and raises our breakeven load factor. We cannot predict if or when business traffic or yields will increase.

We believe that our costs are likely to be affected in the future by (i) increased expenses as a result of the targeted operating margin under the capacity purchase agreement as well as capacity purchase payments if and when we deconsolidate (see Note 3), (ii) higher aircraft ownership costs as new aircraft are delivered, (iii) higher wages, salaries, benefits and related costs as we reach new union agreements, partially offset by savings realized through employee furloughs, company-offered leaves of absence, retirements and cancellation of open positions, (iv) changes in the costs of materials and services (in particular, the cost of fuel, which can fluctuate significantly in response to global market conditions, and insurance and security costs, which have already increased significantly since the September 11, 2001 terrorist attacks), (v) changes in distribution costs and structure, (vi) changes in governmental regulations and taxes affecting air transportation and the costs charged for airport access, including landing fees and new security requirements, (vii) changes in our fleet and related capacity and (viii) our continuing efforts to reduce costs throughout our operations, including reduced maintenance costs for new aircraft, reduced distribution expense from using electronic ticketing and the internet for bookings, reduced capital spending, and continuing to remove non-value added costs from the system. However, the precise impact of these items is not known at this time.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes in market risk from the information provided in Item 7A. Quantitative and Qualitative Disclosures About Market Risk in our 2001 10-K except as follows:

Our results of operations are significantly impacted by changes in the price of aircraft fuel. Aircraft fuel accounted for 11.9%, 14.4%, 10.9%, and 14.5% of our operating expenses (excluding fleet disposition/impairment losses and Stabilization Act grant adjustment) for the three months ended June 30, 2002 and 2001 and the six months ended June 30, 2002 and 2001, respectively. From time to time, we enter into petroleum call options, petroleum swap contracts and jet fuel purchase commitments to provide short-term protection (generally three to nine months) against a sharp increase in jet fuel prices. Our fuel hedging strategy may limit our ability to benefit from certain fuel price declines. As of June 30, 2002, we had hedged approximately 50% of our remaining 2002 projected fuel requirements using petroleum call options. We had no fuel hedges in place as of June 30, 2001. We estimate that a 10% increase in the price per gallon of aircraft fuel would increase the fair value of petroleum call options existing at June 30, 2002 by \$14.5 million.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

The Company's Annual Meeting of Stockholders was held on April 17, 2002. The following individuals were elected to the Company's Board of Directors to hold office for the ensuing year:

<u>NOMINEE</u>	<u>VOTES FOR</u>	<u>VOTES WITHHELD</u>
Thomas J. Barrack, Jr.	51,953,497	37,642
Gordon M. Bethune	49,188,376	2,802,763
David Bonderman	51,680,983	310,156
Kirbyjon H. Caldwell	51,952,880	38,259

Patrick Foley	51,813,243	177,896
Lawrence W. Kellner	49,190,505	2,800,634
Douglas H. McCorkindale	51,956,528	34,611
George G. C. Parker	51,957,982	33,157
Richard W. Pogue	51,939,695	51,444
William S. Price III	51,825,274	165,865
Donald L. Sturm	51,814,637	176,502
Karen Hastie Williams	51,705,849	285,290
Charles A. Yamarone	51,954,490	36,649

A proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2002 was voted on by the stockholders as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstaining</u>	<u>Broker Non-Votes</u>
50,169,286	1,797,723	24,130	-

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

10.1	Letter agreement dated April 9, 2002 between Continental Airlines, Inc. ("Continental") and Gordon M. Bethune.
10.2	Letter agreement dated April 9, 2002 between Continental and Lawrence W. Kellner.
10.3	Letter agreement dated April 9, 2002 between Continental and C.D. McLean.
10.4	Letter agreement dated April 9, 2002 between Continental and Jeffery A. Smisek.
10.5	Letter agreement dated April 9, 2002 between Continental and Michael H. Campbell.
10.6	Special Bonus Program for Key Management for the First Quarter of 2002.
10.7	Special Bonus Program for Key Management for the Second, Third and Fourth Quarters of 2002.
10.8	Continental Airlines, Inc. Long Term Incentive Performance Award Program, as amended and restated through April 9, 2002.
10.9	Form of Restricted Stock Agreement pursuant to the Continental Airlines, Inc. 1997 Stock Incentive Plan.
10.10	Form of Restricted Stock Agreement pursuant to the Continental Airlines, Inc. 1998 Stock Incentive Plan.
10.11	

10.12 Supplemental Agreement No. 9 to Purchase Agreement No. 2061 between Continental and The Boeing Company ("Boeing") and relating to the purchase of Boeing 777 aircraft, dated June 25, 2002.

(b) Reports on Form 8-K:

i. Report dated March 25, 2002, reporting Item 7. "Financial Statements and Exhibits". No financial statements were filed with the report, which included the incorporation of certain documents by reference as they relate to our offering of Class G-1 and Class G-2 Pass Through Certificates, Series 2002-1.

- Report dated April 1, 2002, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release reporting our March 2002 performance.

- Report dated April 16, 2002, reporting Item 5. "Other Events". No financial statements were filed with the report, which included certain forward-looking information and certain statistical information.

- Report dated May 1, 2002, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release reporting our April 2002 performance.

- Report dated May 22, 2002, reporting Item 9. "Regulation FD Disclosure". No financial statements were furnished with this report, which included exhibits related to data being presented by some of its executive officers at a conference, including certain forward-looking information.

- Report dated June 3, 2002, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release reporting our May 2002 performance and our estimated consolidated breakeven load factor for June 2002.

- Report dated June 10, 2002, reporting Item 5. "Other Events". No financial statements were filed with the report, which included certain forward-looking information and certain statistical information.

- Report dated June 11, 2002, reporting Item 9. "Regulation FD Disclosure". No financial statements were furnished with this report, which included exhibits related to data being presented by some of its executive officers at a conference, including certain forward-looking information.

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.

- 10.9 Form of Restricted Stock Agreement pursuant to the Continental Airlines, Inc. 1997 Stock Incentive Plan.
- 10.10 Form of Restricted Stock Agreement pursuant to the Continental Airlines, Inc. 1998 Stock Incentive Plan.
- 10.11 Amended and Restated Capacity Purchase Agreement among Continental, ExpressJet Holdings, Inc., XJT Holdings, Inc. and ExpressJet Airlines, Inc. dated April 17, 2002. (1)
- 10.12 Supplemental Agreement No. 9 to Purchase Agreement No. 2061 between Continental and The Boeing Company ("Boeing") and relating to the purchase of Boeing 777 aircraft, dated June 25, 2002. (1)

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

CONTINENTAL AIRLINES, INC.

1600 SMITH

HOUSTON, TX 77002

April 9, 2002

Dear Mr. Bethune:

You currently have Flight Benefits and a supplemental executive retirement plan pursuant to your employment agreement with Continental Airlines, Inc. (the "Company") or a subsidiary of the Company.

The Human Resources Committee of the Board of Directors has authorized the amendment of your Flight Benefits and your supplemental executive retirement plan as set forth in this letter agreement.

Your Flight Benefits and your supplemental executive retirement benefits are modified as follows:

1. The Company agrees that each of your spouse and your children will receive lifetime Platinum Elite OnePass Cards (or similar highest category successor frequent flyer cards) in their names for use on the CO system, and (subject to the terms and conditions of membership, including minimum age requirements) lifetime membership in the Company's President's Club (or any successor program maintained in the CO system).
2. Upon your death, your surviving spouse and children will be permitted, in the aggregate, to continue to use (in the proportions specified in your last will and testament or, if not so specified or if you die intestate, in equal proportions) your Flight Benefits on the CO system (out of any amounts unused by you at the date of your death) for up to a total amount of \$100,000 in value of flights (in any fare class) on the CO system, valued identically to the valuation of flights as currently contained in your Flight Benefits, which amount shall adjust automatically upon any change in the valuation methodology, from and after the date hereof, for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of the date hereof), so as to preserve the benefit of \$100,000 of flights relative to the valuations resulting from the valuation methodology used by the Company as of the date hereof (e.g., if a change in the valuation methodology results, on average, in such flights being valued 10% higher than the valuation that would result using the valuation methodology used by the Company as of the date hereof, then such amount would be increased by 10% to \$110,000). The Company will promptly notify you in writing of any adjustments to such amount.
3. You agree that your Flight Benefits are intended to be used principally for personal reasons and may not be used for business purposes (other than business purposes on behalf of the Company, and other than business usage that is incidental or de minimus, defined as amounting to less than 10% of the total value (valued as described in paragraph 2 above) of flights on the CO System charged to your UATP card (or any Similar Card) during any year), and that credit availability on your UATP card (or any Similar Card) may be suspended if your UATP card (or any Similar Card) is used for business purposes other than as described above and, after receiving written notice from the Company to cease such usage, you continue to use your UATP card (or any Similar Card) for such business purposes.
4. Section 3.5 of your employment agreement (your supplemental executive retirement plan) is hereby amended to read in its entirety as follows:

"3.5 Supplemental Executive Retirement Plan."

(i) Base Benefit. Company agrees to pay Executive the deferred compensation benefits set forth in this paragraph 3.5 as a supplemental retirement plan (the "Plan"). The base retirement benefit under the Plan (the "Base Benefit") shall be in the form of an annual straight life annuity in an amount equal to the product of (a) 2.5% times (b) the number of Executive's credited years of service (as defined below) under the Plan (but not in excess of 30 years) times (c) the Executive's final average compensation (as defined below). For purposes hereof, Executive's credited years of service under the Plan shall be equal to the sum of (1) the number of Executive's years of benefit service with Company, calculated as set forth in the Continental Retirement Plan (the "CARP") beginning at January 1, 1995 ("Actual Years of Service"), (2) an additional four years of service for each one year of service credited to Executive pursuant to clause (1) of this sentence for the period beginning on January 1, 2000 and ending on December 31, 2004, and (3) if the Termination Payment becomes payable to Executive under this Agreement or if Executive's employment is terminated for a reason encompassed by paragraphs 2.2(i) or 2.2(ii), that number of additional years of service as is equal to (X) 28 years minus (Y) three times the number of full calendar years which have occurred during the period beginning January 1, 2000 and ending on the earlier of (i) the date that the Termination Payment under this Agreement first becomes payable to Executive or (ii) December 31, 2004. For purposes hereof, Executive's final average compensation shall be equal to the greater of (A) \$1,042,500.00 or (B) the average of the five highest annual cash compensation amounts (or, if Executive has been employed less than five years by Company, the average over the full years employed by Company) paid to Executive by Company during the consecutive ten calendar years immediately preceding Executive's termination of employment at retirement or otherwise. For purposes hereof, cash compensation shall include base salary plus cash bonuses (including any amounts deferred (other than Stay Bonus amounts described below) pursuant to any deferred compensation plan of the Company), but shall exclude (i) any cash bonus paid on or prior to March 31, 1995, (ii) any Stay Bonus paid to Executive pursuant to that certain Stay Bonus Agreement between Company and Executive dated as of April 14, 1998, (iii) any Termination Payment or Existing Severance paid to

Executive under this Agreement, (iv) any payments received by Executive under Company's Officer Retention and Incentive Award Program, (v) any proceeds to Executive from any awards under any option, stock incentive or similar plan of Company, and (vi) any cash bonus paid under a long term incentive plan or program adopted by Company. Executive shall be vested immediately with respect to benefits due under the Plan.

(ii) Offset for CARP or Other Benefit. Any provisions of the Plan to the contrary notwithstanding, the Base Benefit shall be reduced by the actuarial equivalent (as defined below) of the pension benefit, if any, paid or payable to Executive from the CARP or from any other defined benefit nonqualified supplemental retirement plan provided to Executive by Company. In making such reduction, the Base Benefit and the benefit paid or payable under the CARP or any such other defined benefit nonqualified supplemental retirement plan shall be determined under the provisions of each plan as if payable in the form of an annual straight life annuity beginning on the Retirement Date (as defined below). The net benefit payable under this Plan shall then be actuarially adjusted based on the actuarial assumptions set forth in paragraph 3.5(vii) for the actual time and form of payments.

(iii) Normal and Early Retirement Benefits. Executive's benefit under the Plan shall be payable in equal monthly installments beginning on the first day of the month following the Retirement Date (the "Normal Retirement Benefit") or, at Executive's written election made not less than 15 days prior to the Retirement Date, in a lump-sum on the first day of such month in an amount equal to the Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction). For purposes hereof, "Retirement Date" is defined as the later of (a) the date on which Executive attains (or in the event of Executive's earlier death, would have attained) age 60 or (b) the date of Executive's retirement from employment with Company. Notwithstanding the foregoing, if Executive's employment with Company is terminated, for a reason other than death, on or after the date Executive attains age 55 or is credited with 10 Actual Years of Service and prior to the Retirement Date, then Executive shall be entitled to elect to receive the Lump-Sum Payment or commence to receive Executive's monthly installment benefit under the Plan, in either case as of the first day of any month coinciding with or next following Executive's termination of employment, or as the first day of any subsequent month preceding the Retirement Date (an "Early Retirement Benefit"); provided, however, that (1) written notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the monthly installment benefit (or the date of payment, in the case of a Lump-Sum Payment), (2) each monthly installment payment under an Early Retirement Benefit, or the amount of the Lump-Sum Payment, as the case may be, shall be reduced to the extent necessary to cause the value of such Early Retirement Benefit (determined without regard to clause (3) of this proviso) to be the actuarial equivalent of the value of the Normal Retirement Benefit (in each case based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time and form of payments), and (3) each monthly installment payment under an Early Retirement Benefit that is made prior to the Retirement Date, or the Lump-Sum Payment, as the case may be, shall be reduced by an additional 10% of the amount of such payment as initially determined pursuant to clause (2) of this proviso. The HR Committee may, in its sole and absolute discretion, waive all or any part of the reductions contemplated in clauses (2) and/or (3) of the proviso of the preceding sentence. As used herein, "Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the Normal Retirement Benefit, based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time of payment.

(iv) Form of Retirement Benefit. If Executive is not married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive in the form of a single life annuity for the life of Executive (unless Executive elects a Lump-Sum Payment, in which case benefits under the Plan will be paid in cash in a lump-sum). If Executive is married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive (unless Executive has elected a Lump-Sum Payment), at the written election of Executive made at least 15 days prior to the first payment of benefits under the Plan, in either (1) the form of a single life annuity for the life of Executive, or (2) the form of a joint and survivor annuity that is actuarially equivalent to the benefit that would have been payable under the Plan to Executive if Executive was not married on such date, with Executive's spouse as of the date benefit payments commence being entitled during such spouse's lifetime after Executive's death to a benefit equal to 50% of the benefit payable to Executive during their joint lifetimes. If Executive fails to make such election and does not make an election to receive a Lump-Sum Payment, Executive will be deemed to have elected a joint and survivor annuity.

(v) Death Benefit. Except as provided in this paragraph 3.5(v), no benefits shall be paid under the Plan if Executive dies prior to the date Executive's benefit commences pursuant to paragraph 3.5(iii). In the event of Executive's death prior to the commencement of Executive's benefit pursuant to paragraph 3.5(iii), Executive's surviving spouse, if Executive is married on the date of Executive's death, will receive, at such spouse's written election made within 90 days after Executive's death, either (A) a single life annuity consisting of monthly payments for the life of such surviving spouse determined as follows: (a) if Executive dies on or before reaching the Retirement Date, the death benefit such spouse would have received had Executive terminated employment on the earlier of Executive's actual date of termination of employment or Executive's date of death, survived until the Retirement Date, elected a joint and survivor annuity and began to receive Executive's Plan benefit beginning immediately at the Retirement Date, and died on the day after the Retirement Date; or (b) if Executive dies after reaching the Retirement Date, the death benefit such spouse would have received had Executive elected a joint and survivor annuity and begun to receive Executive's Plan benefit beginning on the day prior to Executive's death, or (B) a Spousal Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction), which shall be paid as a lump-sum in cash on the date that the first payment of the single life annuity

described in clause (A) of this sentence would have been paid if the surviving spouse had elected to receive such single life annuity. As used herein, "Spousal Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the single life annuity described in clause (A) of the foregoing sentence, based on the actuarial assumptions set forth in paragraph 3.5(vi i) and adjusted for the actual time of payment. Payment of such survivor annuity, if so elected, shall begin on the first day of the month following the later of (1) Executive's date of death or (2) the Retirement Date; provided, however, that if Executive was eligible to elect an Early Retirement Benefit as of the date of Executive's death, then Executive's surviving spouse shall be entitled to elect to receive the Spousal Lump-Sum Payment or commence to receive such survivor annuity as of the first day of the month next following the date of Executive's death, or as the first day of any subsequent month preceding the Retirement Date. Notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the benefit or payment of the Spousal Lump-Sum Payment, as the case may be, and each payment of such survivor annuity, or the amount of the Spousal Lump-Sum Payment, as the case may be, shall be reduced based on the principles used for the reductions described in clauses (2) and (3) of the proviso to the third sentence of paragraph 3.5(iii). If such surviving spouse fails to make an election to receive a Spousal Lump-Sum Payment, the surviving spouse will be deemed to have elected to receive the survivor annuity.

(vi) Unfunded Benefit. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation. Further, it is the intention of Company that the Plan be unfunded for purposes of the Internal Revenue Code of 1986, as amended, and Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan constitutes a mere promise by Company to make benefit payments in the future. Plan benefits hereunder provided are to be paid out of Company's general assets, and Executive shall have the status of, and shall have no better status than, a general unsecured creditor of Company. Executive understands that he must rely upon the general credit of Company for payment of benefits under the Plan. Company shall establish a "rabbi" trust to assist Company in meeting its obligations under the Plan. The trustee of such trust shall be a nationally-recognized and solvent bank or trust company that is not affiliated with Company. Company shall transfer to the trustee money and/or other property determined in the sole discretion of the HR Committee based on the advice of the Actuary (as defined below) on an as-needed basis in order to assure that the benefit payable under the Plan is at all times fully funded. The trustee shall pay Plan benefits to Executive and/or Executive's spouse out of the trust assets if such benefits are not paid by Company. Company shall remain the owner of all assets in the trust, and the assets shall be subject to the claims of Company creditors in the event (and only in the event) Company ever becomes insolvent. Neither Executive nor any beneficiary of Executive shall have any preferred claim to, any security interest in, or any beneficial ownership interest in any assets of the trust. Company has not and will not in the future set aside assets for security or enter into any other arrangement which will cause the obligation created to be other than a general corporate obligation of Company or will cause Executive to be more than a general creditor of Company.

(vii) Actuarial Equivalent. For purposes of the Plan, the terms "actuarial equivalent", or "actuarially equivalent" when used with respect to a specified benefit shall mean the amount of benefit of the referenced different type or payable at the referenced different age that can be provided at the same cost as such specified benefit, as computed by the Actuary and certified to Executive (or, in the case of Executive's death, to his spouse) by the Actuary. The actuarial assumptions used under the Plan to determine equivalencies between different forms and times of payment shall be the same as the actuarial assumptions then used in determining benefits payable under the CARP; provided, however, that with respect to the discount rate used to calculate a Lump-Sum Payment or a Spousal Lump-Sum Payment, the discount rate shall be the Aa Corporate Bond Rate. The term "Actuary" shall mean the individual actuary or actuarial firm selected by Company to service its pension plans generally or if no such individual or firm has been selected, an individual actuary or actuarial firm appointed by Company and reasonably satisfactory to Executive and/or Executive's spouse. The term "Aa Corporate Bond Rate" shall mean the average of the Moody's daily long-term corporate bond yield averages for Aa-rated corporate bonds published by Moody's Investors Service, for the three-month period ending on the last day of the second month preceding the date of the applicable election to receive a Lump-Sum Payment or a Spousal Lump-Sum Payment, as determined by the Actuary (or, if such yield information is no longer so published, then the average of the daily corporate bond yields for a comparable sample of Aa-rated corporate bonds of comparable tenor determined in good faith by the Actuary). Upon request, Company shall cause the Actuary to compute the Aa Corporate Bond Rate for a specified period and the amount of the applicable annuity, Lump-Sum Payment or Spousal Lump-Sum Payment for Executive (or, in the case of Executive's death, his spouse) and shall deliver such information to Executive or such spouse.

(viii) Medicare Payroll Taxes. Company shall indemnify Executive on a fully grossed-up, after-tax basis for any Medicare payroll taxes (plus any income taxes on such indemnity payments) incurred by Executive in connection with the accrual and/or payment of benefits under the Plan."

Capitalized terms (and the term "CO system") used in this letter agreement are used with the same meanings ascribed to them in your employment agreement.

If you agree with the foregoing, please sign the enclosed copy of this letter agreement, whereby this letter agreement shall be a binding agreement between you and the Company and shall amend your employment agreement accordingly.

Sincerely,

CONTINENTAL AIRLINES, INC.

By: _____

Michael H. Campbell

Senior Vice President - Human Resources
and Labor Relations

Agreed:

Gordon M. Bethune

CONTINENTAL AIRLINES, INC.

1600 SMITH

HOUSTON, TX 77002

April 9, 2002

Dear Mr. Kellner:

You currently have Flight Benefits and a supplemental executive retirement plan pursuant to your employment agreement with Continental Airlines, Inc. (the "Company") or a subsidiary of the Company.

The Human Resources Committee of the Board of Directors has authorized the amendment of your Flight Benefits and your supplemental executive retirement plan as set forth in this letter agreement.

Your Flight Benefits and your supplemental executive retirement benefits are modified as follows:

1. The Company agrees that each of your spouse and your children will receive lifetime Platinum Elite OnePass Cards (or similar highest category successor frequent flyer cards) in their names for use on the CO system, and (subject to the terms and conditions of membership, including minimum age requirements) lifetime membership in the Company's President's Club (or any successor program maintained in the CO system).
2. Upon your death, your surviving spouse and children will be permitted, in the aggregate, to continue to use (in the proportions specified in your last will and testament or, if not so specified or if you die intestate, in equal proportions) your Flight Benefits on the CO system (out of any amounts unused by you at the date of your death) for up to a total amount of \$100,000 in value of flights (in any fare class) on the CO system, valued identically to the valuation of flights as currently contained in your Flight Benefits, which amount shall adjust automatically upon any change in the valuation methodology, from and after the date hereof, for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of the date hereof), so as to preserve the benefit of \$100,000 of flights relative to the valuations resulting from the valuation methodology used by the Company as of the date hereof (e.g., if a change in the valuation methodology results, on average, in such flights being valued 10% higher than the valuation that would result using the valuation methodology used by the Company as of the date hereof, then such amount would be increased by 10% to \$110,000). The Company will promptly notify you in writing of any adjustments to such amount.
3. You agree that your Flight Benefits are intended to be used principally for personal reasons and may not be used for business purposes (other than business purposes on behalf of the Company, and other than business usage that is incidental or de minimus, defined as amounting to less than 10% of the total value (valued as described in paragraph 2 above) of flights on the CO System charged to your UATP card (or any Similar Card) during any year), and that credit availability on your UATP card (or any Similar Card) may be suspended if your UATP card (or any Similar Card) is used for business purposes other than as described above and, after receiving written notice from the Company to cease such usage, you continue to use your UATP card (or any Similar Card) for such business purposes.
4. Section 3.5 of your employment agreement (your supplemental executive retirement plan) is hereby amended to read in its entirety as follows:

"3.5 Supplemental Executive Retirement Plan."

(i) Base Benefit. Company agrees to pay Executive the deferred compensation benefits set forth in this paragraph 3.5 as a supplemental retirement plan (the "Plan"). The base retirement benefit under the Plan (the "Base Benefit") shall be in the form of an annual straight life annuity in an amount equal to the product of (a) 2.5% times (b) the number of Executive's credited years of service (as defined below) under the Plan (but not in excess of 26 years) times (c) the Executive's final average compensation (as defined below). For purposes hereof, Executive's credited years of service under the Plan shall be equal to the sum of (1) the number of Executive's years of benefit service with Company, calculated as set forth in the Continental Retirement Plan (the "CARP") beginning at January 1, 1995 ("Actual Years of Service"), (2) an additional two years of service for each one year of service credited to Executive pursuant to clause (1) of this sentence for the period beginning on January 1, 2000 and ending on December 31, 2004, and (3) if the Termination Payment becomes payable to Executive under this Agreement or if Executive's employment is terminated for a reason encompassed by paragraphs 2.2(i) or 2.2(ii), that number of additional years of service as is equal to (X) 18 years minus (Y) three times the number of full calendar years which have occurred during the period beginning January 1, 2000 and ending on the earlier of (i) the date that the Termination Payment under this Agreement first becomes payable to Executive or (ii) December 31, 2004. For purposes hereof, Executive's final average compensation shall be equal to the greater of (A) \$693,500.00 or (B) the average of the five highest annual cash compensation amounts (or, if Executive has been employed less than five years by Company, the average over the full years employed by Company) paid to Executive by Company during the consecutive ten calendar years immediately preceding Executive's termination of employment at retirement or otherwise. For purposes hereof, cash compensation shall include base salary plus cash bonuses (including any amounts deferred (other than Stay Bonus amounts described below) pursuant to any deferred compensation plan of the Company), but shall exclude (i) any cash bonus paid on or prior to March 31, 1995, (ii) any Stay Bonus paid to Executive pursuant to that certain Stay Bonus Agreement between Company and Executive dated as of April 14, 1998, (iii) any Termination Payment paid to Executive under this

Agreement, (iv) any payments received by Executive under Company's Officer Retention and Incentive Award Program, (v) any proceeds to Executive from any awards under any option, stock incentive or similar plan of Company, and (vi) any cash bonus paid under a long term incentive plan or program adopted by Company. Executive shall be vested immediately with respect to benefits due under the Plan.

(ii) Offset for CARP or Other Benefit. Any provisions of the Plan to the contrary notwithstanding, the Base Benefit shall be reduced by the actuarial equivalent (as defined below) of the pension benefit, if any, paid or payable to Executive from the CARP or from any other defined benefit nonqualified supplemental retirement plan provided to Executive by Company. In making such reduction, the Base Benefit and the benefit paid or payable under the CARP or any such other defined benefit nonqualified supplemental retirement plan shall be determined under the provisions of each plan as if payable in the form of an annual straight life annuity beginning on the Retirement Date (as defined below). The net benefit payable under this Plan shall then be actuarially adjusted based on the actuarial assumptions set forth in paragraph 3.5(vii) for the actual time and form of payments.

(iii) Normal and Early Retirement Benefits. Executive's benefit under the Plan shall be payable in equal monthly installments beginning on the first day of the month following the Retirement Date (the "Normal Retirement Benefit") or, at Executive's written election made not less than 15 days prior to the Retirement Date, in a lump-sum on the first day of such month in an amount equal to the Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction). For purposes hereof, "Retirement Date" is defined as the later of (a) the date on which Executive attains (or in the event of Executive's earlier death, would have attained) age 60 or (b) the date of Executive's retirement from employment with Company. Notwithstanding the foregoing, if Executive's employment with Company is terminated, for a reason other than death, on or after the date Executive attains age 55 or is credited with 10 Actual Years of Service and prior to the Retirement Date, then Executive shall be entitled to elect to receive the Lump-Sum Payment or commence to receive Executive's monthly installment benefit under the Plan, in either case as of the first day of any month coinciding with or next following Executive's termination of employment, or as the first day of any subsequent month preceding the Retirement Date (an "Early Retirement Benefit"); provided, however, that (1) written notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the monthly installment benefit (or the date of payment, in the case of a Lump-Sum Payment), (2) each monthly installment payment under an Early Retirement Benefit, or the amount of the Lump-Sum Payment, as the case may be, shall be reduced to the extent necessary to cause the value of such Early Retirement Benefit (determined without regard to clause (3) of this proviso) to be the actuarial equivalent of the value of the Normal Retirement Benefit (in each case based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time and form of payments), and (3) each monthly installment payment under an Early Retirement Benefit that is made prior to the Retirement Date, or the Lump-Sum Payment, as the case may be, shall be reduced by an additional 10% of the amount of such payment as initially determined pursuant to clause (2) of this proviso. The HR Committee may, in its sole and absolute discretion, waive all or any part of the reductions contemplated in clauses (2) and/or (3) of the proviso of the preceding sentence. As used herein, "Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the Normal Retirement Benefit, based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time of payment.

(iv) Form of Retirement Benefit. If Executive is not married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive in the form of a single life annuity for the life of Executive (unless Executive elects a Lump-Sum Payment, in which case benefits under the Plan will be paid in cash in a lump-sum). If Executive is married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive (unless Executive has elected a Lump-Sum Payment), at the written election of Executive made at least 15 days prior to the first payment of benefits under the Plan, in either (1) the form of a single life annuity for the life of Executive, or (2) the form of a joint and survivor annuity that is actuarially equivalent to the benefit that would have been payable under the Plan to Executive if Executive was not married on such date, with Executive's spouse as of the date benefit payments commence being entitled during such spouse's lifetime after Executive's death to a benefit equal to 50% of the benefit payable to Executive during their joint lifetimes. If Executive fails to make such election and does not make an election to receive a Lump-Sum Payment, Executive will be deemed to have elected a joint and survivor annuity.

(v) Death Benefit. Except as provided in this paragraph 3.5(v), no benefits shall be paid under the Plan if Executive dies prior to the date Executive's benefit commences pursuant to paragraph 3.5(iii). In the event of Executive's death prior to the commencement of Executive's benefit pursuant to paragraph 3.5(iii), Executive's surviving spouse, if Executive is married on the date of Executive's death, will receive, at such spouse's written election made within 90 days after Executive's death, either (A) a single life annuity consisting of monthly payments for the life of such surviving spouse determined as follows: (a) if Executive dies on or before reaching the Retirement Date, the death benefit such spouse would have received had Executive terminated employment on the earlier of Executive's actual date of termination of employment or Executive's date of death, survived until the Retirement Date, elected a joint and survivor annuity and began to receive Executive's Plan benefit beginning immediately at the Retirement Date, and died on the day after the Retirement Date; or (b) if Executive dies after reaching the Retirement Date, the death benefit such spouse would have received had Executive elected a joint and survivor annuity and begun to receive Executive's Plan benefit beginning on the day prior to Executive's death, or (B) a Spousal Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction), which shall be paid as a lump-sum in cash on the date that the first payment of the single life annuity

described in clause (A) of this sentence would have been paid if the surviving spouse had elected to receive such single life annuity. As used herein, "Spousal Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the single life annuity described in clause (A) of the foregoing sentence, based on the actuarial assumptions set forth in paragraph 3.5(vi i) and adjusted for the actual time of payment. Payment of such survivor annuity, if so elected, shall begin on the first day of the month following the later of (1) Executive's date of death or (2) the Retirement Date; provided, however, that if Executive was eligible to elect an Early Retirement Benefit as of the date of Executive's death, then Executive's surviving spouse shall be entitled to elect to receive the Spousal Lump-Sum Payment or commence to receive such survivor annuity as of the first day of the month next following the date of Executive's death, or as the first day of any subsequent month preceding the Retirement Date. Notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the benefit or payment of the Spousal Lump-Sum Payment, as the case may be, and each payment of such survivor annuity, or the amount of the Spousal Lump-Sum Payment, as the case may be, shall be reduced based on the principles used for the reductions described in clauses (2) and (3) of the proviso to the third sentence of paragraph 3.5(iii). If such surviving spouse fails to make an election to receive a Spousal Lump-Sum Payment, the surviving spouse will be deemed to have elected to receive the survivor annuity.

(vi) Unfunded Benefit. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation. Further, it is the intention of Company that the Plan be unfunded for purposes of the Internal Revenue Code of 1986, as amended, and Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan constitutes a mere promise by Company to make benefit payments in the future. Plan benefits hereunder provided are to be paid out of Company's general assets, and Executive shall have the status of, and shall have no better status than, a general unsecured creditor of Company. Executive understands that he must rely upon the general credit of Company for payment of benefits under the Plan. Company shall establish a "rabbi" trust to assist Company in meeting its obligations under the Plan. The trustee of such trust shall be a nationally-recognized and solvent bank or trust company that is not affiliated with Company. Company shall transfer to the trustee money and/or other property determined in the sole discretion of the HR Committee based on the advice of the Actuary (as defined below) on an as-needed basis in order to assure that the benefit payable under the Plan is at all times fully funded. The trustee shall pay Plan benefits to Executive and/or Executive's spouse out of the trust assets if such benefits are not paid by Company. Company shall remain the owner of all assets in the trust, and the assets shall be subject to the claims of Company creditors in the event (and only in the event) Company ever becomes insolvent. Neither Executive nor any beneficiary of Executive shall have any preferred claim to, any security interest in, or any beneficial ownership interest in any assets of the trust. Company has not and will not in the future set aside assets for security or enter into any other arrangement which will cause the obligation created to be other than a general corporate obligation of Company or will cause Executive to be more than a general creditor of Company.

(vii) Actuarial Equivalent. For purposes of the Plan, the terms "actuarial equivalent", or "actuarially equivalent" when used with respect to a specified benefit shall mean the amount of benefit of the referenced different type or payable at the referenced different age that can be provided at the same cost as such specified benefit, as computed by the Actuary and certified to Executive (or, in the case of Executive's death, to his spouse) by the Actuary. The actuarial assumptions used under the Plan to determine equivalencies between different forms and times of payment shall be the same as the actuarial assumptions then used in determining benefits payable under the CARP; provided, however, that with respect to the discount rate used to calculate a Lump-Sum Payment or a Spousal Lump-Sum Payment, the discount rate shall be the Aa Corporate Bond Rate. The term "Actuary" shall mean the individual actuary or actuarial firm selected by Company to service its pension plans generally or if no such individual or firm has been selected, an individual actuary or actuarial firm appointed by Company and reasonably satisfactory to Executive and/or Executive's spouse. The term "Aa Corporate Bond Rate" shall mean the average of the Moody's daily long-term corporate bond yield averages for Aa-rated corporate bonds published by Moody's Investors Service, for the three-month period ending on the last day of the second month preceding the date of the applicable election to receive a Lump-Sum Payment or a Spousal Lump-Sum Payment, as determined by the Actuary (or, if such yield information is no longer so published, then the average of the daily corporate bond yields for a comparable sample of Aa-rated corporate bonds of comparable tenor determined in good faith by the Actuary). Upon request, Company shall cause the Actuary to compute the Aa Corporate Bond Rate for a specified period and the amount of the applicable annuity, Lump-Sum Payment or Spousal Lump-Sum Payment for Executive (or, in the case of Executive's death, his spouse) and shall deliver such information to Executive or such spouse.

(viii) Medicare Payroll Taxes. Company shall indemnify Executive on a fully grossed-up, after-tax basis for any Medicare payroll taxes (plus any income taxes on such indemnity payments) incurred by Executive in connection with the accrual and/or payment of benefits under the Plan."

Capitalized terms (and the term "CO system") used in this letter agreement are used with the same meanings ascribed to them in your employment agreement.

If you agree with the foregoing, please sign the enclosed copy of this letter agreement, whereby this letter agreement shall be a binding agreement between you and the Company and shall amend your employment agreement accordingly.

Sincerely,

CONTINENTAL AIRLINES, INC.

By: _____

Michael H. Campbell

Senior Vice President - Human Resources
and Labor Relations

Agreed:

Lawrence W. Kellner

CONTINENTAL AIRLINES, INC.

1600 SMITH

HOUSTON, TX 77002

April 9, 2002

Dear Mr. McLean:

You currently have Flight Benefits and a supplemental executive retirement plan pursuant to your employment agreement with Continental Airlines, Inc. (the "Company") or a subsidiary of the Company.

The Human Resources Committee of the Board of Directors has authorized the amendment of your Flight Benefits and your supplemental executive retirement plan as set forth in this letter agreement.

Your Flight Benefits and your supplemental executive retirement benefits are modified as follows:

1. The Company agrees that each of your spouse and your children will receive lifetime Platinum Elite OnePass Cards (or similar highest category successor frequent flyer cards) in their names for use on the CO system, and (subject to the terms and conditions of membership, including minimum age requirements) lifetime membership in the Company's President's Club (or any successor program maintained in the CO system).
2. Upon your death, your surviving spouse and children will be permitted, in the aggregate, to continue to use (in the proportions specified in your last will and testament or, if not so specified or if you die intestate, in equal proportions) your Flight Benefits on the CO system (out of any amounts unused by you at the date of your death) for up to a total amount of \$100,000 in value of flights (in any fare class) on the CO system, valued identically to the valuation of flights as currently contained in your Flight Benefits, which amount shall adjust automatically upon any change in the valuation methodology, from and after the date hereof, for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of the date hereof), so as to preserve the benefit of \$100,000 of flights relative to the valuations resulting from the valuation methodology used by the Company as of the date hereof (e.g., if a change in the valuation methodology results, on average, in such flights being valued 10% higher than the valuation that would result using the valuation methodology used by the Company as of the date hereof, then such amount would be increased by 10% to \$110,000). The Company will promptly notify you in writing of any adjustments to such amount.
3. You agree that your Flight Benefits are intended to be used principally for personal reasons and may not be used for business purposes (other than business purposes on behalf of the Company, and other than business usage that is incidental or de minimus, defined as amounting to less than 10% of the total value (valued as described in paragraph 2 above) of flights on the CO System charged to your UATP card (or any Similar Card) during any year), and that credit availability on your UATP card (or any Similar Card) may be suspended if your UATP card (or any Similar Card) is used for business purposes other than as described above and, after receiving written notice from the Company to cease such usage, you continue to use your UATP card (or any Similar Card) for such business purposes.
4. Section 3.5 of your employment agreement (your supplemental executive retirement plan) is hereby amended to read in its entirety as follows:

"3.5 Supplemental Executive Retirement Plan.

(i) Base Benefit. Company agrees to pay Executive the deferred compensation benefits set forth in this paragraph 3.5 as a supplemental retirement plan (the "Plan"). The base retirement benefit under the Plan (the "Base Benefit") shall be in the form of an annual straight life annuity in an amount equal to the product of (a) 2.5% times (b) the number of Executive's credited years of service (as defined below) under the Plan (but not in excess of 26 years) times (c) the Executive's final average compensation (as defined below). For purposes hereof, Executive's credited years of service under the Plan shall be equal to the sum of (1) the number of Executive's years of benefit service with Company, calculated as set forth in the Continental Retirement Plan (the "CARP") beginning at January 1, 1995 ("Actual Years of Service"), (2) an additional two years of service for each one year of service credited to Executive pursuant to clause (1) of this sentence for the period beginning on January 1, 2000 and ending on December 31, 2004, and (3) if the Termination Payment becomes payable to Executive under this Agreement or if Executive's employment is terminated for a reason encompassed by paragraphs 2.2(i) or 2.2(ii), that number of additional years of service as is equal to (X) 18 years minus (Y) three times the number of full calendar years which have occurred during the period beginning January 1, 2000 and ending on the earlier of (i) the date that the Termination Payment under this Agreement first becomes payable to Executive or (ii) December 31, 2004. For purposes hereof, Executive's final average compensation shall be equal to the greater of (A) \$451,500.00 or (B) the average of the five highest annual cash compensation amounts (or, if Executive has been employed less than five years by Company, the average over the full years employed by Company) paid to Executive by Company during the consecutive ten calendar years immediately preceding Executive's termination of employment at retirement or otherwise. For purposes hereof, cash compensation shall include base salary plus cash bonuses (including any amounts deferred (other than Stay Bonus amounts described below) pursuant to any deferred compensation plan of the Company), but shall exclude (i) any cash bonus paid on or prior to March 31, 1995, (ii) any Stay Bonus paid to Executive pursuant to that certain Stay Bonus Agreement between Company and Executive dated as of April 14, 1998, (iii) any Termination Payment paid to Executive under this

Agreement, (iv) any payments received by Executive under Company's Officer Retention and Incentive Award Program, (v) any proceeds to Executive from any awards under any option, stock incentive or similar plan of Company, and (vi) any cash bonus paid under a long term incentive plan or program adopted by Company. Executive shall be vested immediately with respect to benefits due under the Plan.

(ii) Offset for CARP or Other Benefit. Any provisions of the Plan to the contrary notwithstanding, the Base Benefit shall be reduced by the actuarial equivalent (as defined below) of the pension benefit, if any, paid or payable to Executive from the CARP or from any other defined benefit nonqualified supplemental retirement plan provided to Executive by Company. In making such reduction, the Base Benefit and the benefit paid or payable under the CARP or any such other defined benefit nonqualified supplemental retirement plan shall be determined under the provisions of each plan as if payable in the form of an annual straight life annuity beginning on the Retirement Date (as defined below). The net benefit payable under this Plan shall then be actuarially adjusted based on the actuarial assumptions set forth in paragraph 3.5(vii) for the actual time and form of payments.

(iii) Normal and Early Retirement Benefits. Executive's benefit under the Plan shall be payable in equal monthly installments beginning on the first day of the month following the Retirement Date (the "Normal Retirement Benefit") or, at Executive's written election made not less than 15 days prior to the Retirement Date, in a lump-sum on the first day of such month in an amount equal to the Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction). For purposes hereof, "Retirement Date" is defined as the later of (a) the date on which Executive attains (or in the event of Executive's earlier death, would have attained) age 60 or (b) the date of Executive's retirement from employment with Company. Notwithstanding the foregoing, if Executive's employment with Company is terminated, for a reason other than death, on or after the date Executive attains age 55 or is credited with 10 Actual Years of Service and prior to the Retirement Date, then Executive shall be entitled to elect to receive the Lump-Sum Payment or commence to receive Executive's monthly installment benefit under the Plan, in either case as of the first day of any month coinciding with or next following Executive's termination of employment, or as the first day of any subsequent month preceding the Retirement Date (an "Early Retirement Benefit"); provided, however, that (1) written notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the monthly installment benefit (or the date of payment, in the case of a Lump-Sum Payment), (2) each monthly installment payment under an Early Retirement Benefit, or the amount of the Lump-Sum Payment, as the case may be, shall be reduced to the extent necessary to cause the value of such Early Retirement Benefit (determined without regard to clause (3) of this proviso) to be the actuarial equivalent of the value of the Normal Retirement Benefit (in each case based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time and form of payments), and (3) each monthly installment payment under an Early Retirement Benefit that is made prior to the Retirement Date, or the Lump-Sum Payment, as the case may be, shall be reduced by an additional 10% of the amount of such payment as initially determined pursuant to clause (2) of this proviso. The HR Committee may, in its sole and absolute discretion, waive all or any part of the reductions contemplated in clauses (2) and/or (3) of the proviso of the preceding sentence. As used herein, "Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the Normal Retirement Benefit, based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time of payment.

(iv) Form of Retirement Benefit. If Executive is not married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive in the form of a single life annuity for the life of Executive (unless Executive elects a Lump-Sum Payment, in which case benefits under the Plan will be paid in cash in a lump-sum). If Executive is married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive (unless Executive has elected a Lump-Sum Payment), at the written election of Executive made at least 15 days prior to the first payment of benefits under the Plan, in either (1) the form of a single life annuity for the life of Executive, or (2) the form of a joint and survivor annuity that is actuarially equivalent to the benefit that would have been payable under the Plan to Executive if Executive was not married on such date, with Executive's spouse as of the date benefit payments commence being entitled during such spouse's lifetime after Executive's death to a benefit equal to 50% of the benefit payable to Executive during their joint lifetimes. If Executive fails to make such election and does not make an election to receive a Lump-Sum Payment, Executive will be deemed to have elected a joint and survivor annuity.

(v) Death Benefit. Except as provided in this paragraph 3.5(v), no benefits shall be paid under the Plan if Executive dies prior to the date Executive's benefit commences pursuant to paragraph 3.5(iii). In the event of Executive's death prior to the commencement of Executive's benefit pursuant to paragraph 3.5(iii), Executive's surviving spouse, if Executive is married on the date of Executive's death, will receive, at such spouse's written election made within 90 days after Executive's death, either (A) a single life annuity consisting of monthly payments for the life of such surviving spouse determined as follows: (a) if Executive dies on or before reaching the Retirement Date, the death benefit such spouse would have received had Executive terminated employment on the earlier of Executive's actual date of termination of employment or Executive's date of death, survived until the Retirement Date, elected a joint and survivor annuity and began to receive Executive's Plan benefit beginning immediately at the Retirement Date, and died on the day after the Retirement Date; or (b) if Executive dies after reaching the Retirement Date, the death benefit such spouse would have received had Executive elected a joint and survivor annuity and begun to receive Executive's Plan benefit beginning on the day prior to Executive's death, or (B) a Spousal Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction), which shall be paid as a lump-sum in cash on the date that the first payment of the single life annuity

described in clause (A) of this sentence would have been paid if the surviving spouse had elected to receive such single life annuity. As used herein, "Spousal Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the single life annuity described in clause (A) of the foregoing sentence, based on the actuarial assumptions set forth in paragraph 3.5(vi i) and adjusted for the actual time of payment. Payment of such survivor annuity, if so elected, shall begin on the first day of the month following the later of (1) Executive's date of death or (2) the Retirement Date; provided, however, that if Executive was eligible to elect an Early Retirement Benefit as of the date of Executive's death, then Executive's surviving spouse shall be entitled to elect to receive the Spousal Lump-Sum Payment or commence to receive such survivor annuity as of the first day of the month next following the date of Executive's death, or as the first day of any subsequent month preceding the Retirement Date. Notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the benefit or payment of the Spousal Lump-Sum Payment, as the case may be, and each payment of such survivor annuity, or the amount of the Spousal Lump-Sum Payment, as the case may be, shall be reduced based on the principles used for the reductions described in clauses (2) and (3) of the proviso to the third sentence of paragraph 3.5(iii). If such surviving spouse fails to make an election to receive a Spousal Lump-Sum Payment, the surviving spouse will be deemed to have elected to receive the survivor annuity.

(vi) Unfunded Benefit. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation. Further, it is the intention of Company that the Plan be unfunded for purposes of the Internal Revenue Code of 1986, as amended, and Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan constitutes a mere promise by Company to make benefit payments in the future. Plan benefits hereunder provided are to be paid out of Company's general assets, and Executive shall have the status of, and shall have no better status than, a general unsecured creditor of Company. Executive understands that he must rely upon the general credit of Company for payment of benefits under the Plan. Company shall establish a "rabbi" trust to assist Company in meeting its obligations under the Plan. The trustee of such trust shall be a nationally-recognized and solvent bank or trust company that is not affiliated with Company. Company shall transfer to the trustee money and/or other property determined in the sole discretion of the HR Committee based on the advice of the Actuary (as defined below) on an as-needed basis in order to assure that the benefit payable under the Plan is at all times fully funded. The trustee shall pay Plan benefits to Executive and/or Executive's spouse out of the trust assets if such benefits are not paid by Company. Company shall remain the owner of all assets in the trust, and the assets shall be subject to the claims of Company creditors in the event (and only in the event) Company ever becomes insolvent. Neither Executive nor any beneficiary of Executive shall have any preferred claim to, any security interest in, or any beneficial ownership interest in any assets of the trust. Company has not and will not in the future set aside assets for security or enter into any other arrangement which will cause the obligation created to be other than a general corporate obligation of Company or will cause Executive to be more than a general creditor of Company.

(vii) Actuarial Equivalent. For purposes of the Plan, the terms "actuarial equivalent", or "actuarially equivalent" when used with respect to a specified benefit shall mean the amount of benefit of the referenced different type or payable at the referenced different age that can be provided at the same cost as such specified benefit, as computed by the Actuary and certified to Executive (or, in the case of Executive's death, to his spouse) by the Actuary. The actuarial assumptions used under the Plan to determine equivalencies between different forms and times of payment shall be the same as the actuarial assumptions then used in determining benefits payable under the CARP; provided, however, that with respect to the discount rate used to calculate a Lump-Sum Payment or a Spousal Lump-Sum Payment, the discount rate shall be the Aa Corporate Bond Rate. The term "Actuary" shall mean the individual actuary or actuarial firm selected by Company to service its pension plans generally or if no such individual or firm has been selected, an individual actuary or actuarial firm appointed by Company and reasonably satisfactory to Executive and/or Executive's spouse. The term "Aa Corporate Bond Rate" shall mean the average of the Moody's daily long-term corporate bond yield averages for Aa-rated corporate bonds published by Moody's Investors Service, for the three-month period ending on the last day of the second month preceding the date of the applicable election to receive a Lump-Sum Payment or a Spousal Lump-Sum Payment, as determined by the Actuary (or, if such yield information is no longer so published, then the average of the daily corporate bond yields for a comparable sample of Aa-rated corporate bonds of comparable tenor determined in good faith by the Actuary). Upon request, Company shall cause the Actuary to compute the Aa Corporate Bond Rate for a specified period and the amount of the applicable annuity, Lump-Sum Payment or Spousal Lump-Sum Payment for Executive (or, in the case of Executive's death, his spouse) and shall deliver such information to Executive or such spouse.

(viii) Medicare Payroll Taxes. Company shall indemnify Executive on a fully grossed-up, after-tax basis for any Medicare payroll taxes (plus any income taxes on such indemnity payments) incurred by Executive in connection with the accrual and/or payment of benefits under the Plan."

Capitalized terms (and the term "CO system") used in this letter agreement are used with the same meanings ascribed to them in your employment agreement.

If you agree with the foregoing, please sign the enclosed copy of this letter agreement, whereby this letter agreement shall be a binding agreement between you and the Company and shall amend your employment agreement accordingly.

Sincerely,

CONTINENTAL AIRLINES, INC.

By: _____

Michael H. Campbell

Senior Vice President - Human Resources
and Labor Relations

Agreed:

C. D. McLean

CONTINENTAL AIRLINES, INC.

1600 SMITH

HOUSTON, TX 77002

April 9, 2002

Dear Mr. Smisek:

You currently have Flight Benefits and a supplemental executive retirement plan pursuant to your employment agreement with Continental Airlines, Inc. (the "Company") or a subsidiary of the Company.

The Human Resources Committee of the Board of Directors has authorized the amendment of your Flight Benefits and your supplemental executive retirement plan as set forth in this letter agreement.

Your Flight Benefits and your supplemental executive retirement benefits are modified as follows:

1. The Company agrees that each of your spouse and your children will receive lifetime Platinum Elite OnePass Cards (or similar highest category successor frequent flyer cards) in their names for use on the CO system, and (subject to the terms and conditions of membership, including minimum age requirements) lifetime membership in the Company's President's Club (or any successor program maintained in the CO system).
2. Upon your death, your surviving spouse and children will be permitted, in the aggregate, to continue to use (in the proportions specified in your last will and testament or, if not so specified or if you die intestate, in equal proportions) your Flight Benefits on the CO system (out of any amounts unused by you at the date of your death) for up to a total amount of \$100,000 in value of flights (in any fare class) on the CO system, valued identically to the valuation of flights as currently contained in your Flight Benefits, which amount shall adjust automatically upon any change in the valuation methodology, from and after the date hereof, for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of the date hereof), so as to preserve the benefit of \$100,000 of flights relative to the valuations resulting from the valuation methodology used by the Company as of the date hereof (e.g., if a change in the valuation methodology results, on average, in such flights being valued 10% higher than the valuation that would result using the valuation methodology used by the Company as of the date hereof, then such amount would be increased by 10% to \$110,000). The Company will promptly notify you in writing of any adjustments to such amount.
3. You agree that your Flight Benefits are intended to be used principally for personal reasons and may not be used for business purposes (other than business purposes on behalf of the Company, and other than business usage that is incidental or de minimus, defined as amounting to less than 10% of the total value (valued as described in paragraph 2 above) of flights on the CO System charged to your UATP card (or any Similar Card) during any year), and that credit availability on your UATP card (or any Similar Card) may be suspended if your UATP card (or any Similar Card) is used for business purposes other than as described above and, after receiving written notice from the Company to cease such usage, you continue to use your UATP card (or any Similar Card) for such business purposes.
4. Section 3.5 of your employment agreement (your supplemental executive retirement plan) is hereby amended to read in its entirety as follows:

"3.5 Supplemental Executive Retirement Plan.

(i) Base Benefit. Company agrees to pay Executive the deferred compensation benefits set forth in this paragraph 3.5 as a supplemental retirement plan (the "Plan"). The base retirement benefit under the Plan (the "Base Benefit") shall be in the form of an annual straight life annuity in an amount equal to the product of (a) 2.5% times (b) the number of Executive's credited years of service (as defined below) under the Plan (but not in excess of 26 years) times (c) the Executive's final average compensation (as defined below). For purposes hereof, Executive's credited years of service under the Plan shall be equal to the sum of (1) the number of Executive's years of benefit service with Company, calculated as set forth in the Continental Retirement Plan (the "CARP") beginning at January 1, 1995 ("Actual Years of Service"), (2) an additional two years of service for each one year of service credited to Executive pursuant to clause (1) of this sentence for the period beginning on January 1, 2000 and ending on December 31, 2004, and (3) if the Termination Payment becomes payable to Executive under this Agreement or if Executive's employment is terminated for a reason encompassed by paragraphs 2.2(i) or 2.2(ii), that number of additional years of service as is equal to (X) 18 years minus (Y) three times the number of full calendar years which have occurred during the period beginning January 1, 2000 and ending on the earlier of (i) the date that the Termination Payment under this Agreement first becomes payable to Executive or (ii) December 31, 2004. For purposes hereof, Executive's final average compensation shall be equal to the greater of (A) \$420,000.00 or (B) the average of the five highest annual cash compensation amounts (or, if Executive has been employed less than five years by Company, the average over the full years employed by Company) paid to Executive by Company during the consecutive ten calendar years immediately preceding Executive's termination of employment at retirement or otherwise. For purposes hereof, cash compensation shall include base salary plus cash bonuses (including any amounts deferred (other than Stay Bonus amounts described below) pursuant to any deferred compensation plan of the Company), but shall exclude (i) any cash bonus paid on or prior to March 31, 1995, (ii) any Stay Bonus paid to Executive pursuant to that certain Stay Bonus Agreement between Company and Executive dated as of April 14, 1998, (iii) any Termination Payment paid to Executive under this

Agreement, (iv) any payments received by Executive under Company's Officer Retention and Incentive Award Program, (v) any proceeds to Executive from any awards under any option, stock incentive or similar plan of Company, and (vi) any cash bonus paid under a long term incentive plan or program adopted by Company. Executive shall be vested immediately with respect to benefits due under the Plan.

(ii) Offset for CARP or Other Benefit. Any provisions of the Plan to the contrary notwithstanding, the Base Benefit shall be reduced by the actuarial equivalent (as defined below) of the pension benefit, if any, paid or payable to Executive from the CARP or from any other defined benefit nonqualified supplemental retirement plan provided to Executive by Company. In making such reduction, the Base Benefit and the benefit paid or payable under the CARP or any such other defined benefit nonqualified supplemental retirement plan shall be determined under the provisions of each plan as if payable in the form of an annual straight life annuity beginning on the Retirement Date (as defined below). The net benefit payable under this Plan shall then be actuarially adjusted based on the actuarial assumptions set forth in paragraph 3.5(vii) for the actual time and form of payments.

(iii) Normal and Early Retirement Benefits. Executive's benefit under the Plan shall be payable in equal monthly installments beginning on the first day of the month following the Retirement Date (the "Normal Retirement Benefit") or, at Executive's written election made not less than 15 days prior to the Retirement Date, in a lump-sum on the first day of such month in an amount equal to the Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction). For purposes hereof, "Retirement Date" is defined as the later of (a) the date on which Executive attains (or in the event of Executive's earlier death, would have attained) age 60 or (b) the date of Executive's retirement from employment with Company. Notwithstanding the foregoing, if Executive's employment with Company is terminated, for a reason other than death, on or after the date Executive attains age 55 or is credited with 10 Actual Years of Service and prior to the Retirement Date, then Executive shall be entitled to elect to receive the Lump-Sum Payment or commence to receive Executive's monthly installment benefit under the Plan, in either case as of the first day of any month coinciding with or next following Executive's termination of employment, or as the first day of any subsequent month preceding the Retirement Date (an "Early Retirement Benefit"); provided, however, that (1) written notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the monthly installment benefit (or the date of payment, in the case of a Lump-Sum Payment), (2) each monthly installment payment under an Early Retirement Benefit, or the amount of the Lump-Sum Payment, as the case may be, shall be reduced to the extent necessary to cause the value of such Early Retirement Benefit (determined without regard to clause (3) of this proviso) to be the actuarial equivalent of the value of the Normal Retirement Benefit (in each case based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time and form of payments), and (3) each monthly installment payment under an Early Retirement Benefit that is made prior to the Retirement Date, or the Lump-Sum Payment, as the case may be, shall be reduced by an additional 10% of the amount of such payment as initially determined pursuant to clause (2) of this proviso. The HR Committee may, in its sole and absolute discretion, waive all or any part of the reductions contemplated in clauses (2) and/or (3) of the proviso of the preceding sentence. As used herein, "Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the Normal Retirement Benefit, based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time of payment.

(iv) Form of Retirement Benefit. If Executive is not married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive in the form of a single life annuity for the life of Executive (unless Executive elects a Lump-Sum Payment, in which case benefits under the Plan will be paid in cash in a lump-sum). If Executive is married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive (unless Executive has elected a Lump-Sum Payment), at the written election of Executive made at least 15 days prior to the first payment of benefits under the Plan, in either (1) the form of a single life annuity for the life of Executive, or (2) the form of a joint and survivor annuity that is actuarially equivalent to the benefit that would have been payable under the Plan to Executive if Executive was not married on such date, with Executive's spouse as of the date benefit payments commence being entitled during such spouse's lifetime after Executive's death to a benefit equal to 50% of the benefit payable to Executive during their joint lifetimes. If Executive fails to make such election and does not make an election to receive a Lump-Sum Payment, Executive will be deemed to have elected a joint and survivor annuity.

(v) Death Benefit. Except as provided in this paragraph 3.5(v), no benefits shall be paid under the Plan if Executive dies prior to the date Executive's benefit commences pursuant to paragraph 3.5(iii). In the event of Executive's death prior to the commencement of Executive's benefit pursuant to paragraph 3.5(iii), Executive's surviving spouse, if Executive is married on the date of Executive's death, will receive, at such spouse's written election made within 90 days after Executive's death, either (A) a single life annuity consisting of monthly payments for the life of such surviving spouse determined as follows: (a) if Executive dies on or before reaching the Retirement Date, the death benefit such spouse would have received had Executive terminated employment on the earlier of Executive's actual date of termination of employment or Executive's date of death, survived until the Retirement Date, elected a joint and survivor annuity and began to receive Executive's Plan benefit beginning immediately at the Retirement Date, and died on the day after the Retirement Date; or (b) if Executive dies after reaching the Retirement Date, the death benefit such spouse would have received had Executive elected a joint and survivor annuity and begun to receive Executive's Plan benefit beginning on the day prior to Executive's death, or (B) a Spousal Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction), which shall be paid as a lump-sum in cash on the date that the first payment of the single life annuity

described in clause (A) of this sentence would have been paid if the surviving spouse had elected to receive such single life annuity. As used herein, "Spousal Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the single life annuity described in clause (A) of the foregoing sentence, based on the actuarial assumptions set forth in paragraph 3.5(vi i) and adjusted for the actual time of payment. Payment of such survivor annuity, if so elected, shall begin on the first day of the month following the later of (1) Executive's date of death or (2) the Retirement Date; provided, however, that if Executive was eligible to elect an Early Retirement Benefit as of the date of Executive's death, then Executive's surviving spouse shall be entitled to elect to receive the Spousal Lump-Sum Payment or commence to receive such survivor annuity as of the first day of the month next following the date of Executive's death, or as the first day of any subsequent month preceding the Retirement Date. Notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the benefit or payment of the Spousal Lump-Sum Payment, as the case may be, and each payment of such survivor annuity, or the amount of the Spousal Lump-Sum Payment, as the case may be, shall be reduced based on the principles used for the reductions described in clauses (2) and (3) of the proviso to the third sentence of paragraph 3.5(iii). If such surviving spouse fails to make an election to receive a Spousal Lump-Sum Payment, the surviving spouse will be deemed to have elected to receive the survivor annuity.

(vi) Unfunded Benefit. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation. Further, it is the intention of Company that the Plan be unfunded for purposes of the Internal Revenue Code of 1986, as amended, and Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan constitutes a mere promise by Company to make benefit payments in the future. Plan benefits hereunder provided are to be paid out of Company's general assets, and Executive shall have the status of, and shall have no better status than, a general unsecured creditor of Company. Executive understands that he must rely upon the general credit of Company for payment of benefits under the Plan. Company shall establish a "rabbi" trust to assist Company in meeting its obligations under the Plan. The trustee of such trust shall be a nationally-recognized and solvent bank or trust company that is not affiliated with Company. Company shall transfer to the trustee money and/or other property determined in the sole discretion of the HR Committee based on the advice of the Actuary (as defined below) on an as-needed basis in order to assure that the benefit payable under the Plan is at all times fully funded. The trustee shall pay Plan benefits to Executive and/or Executive's spouse out of the trust assets if such benefits are not paid by Company. Company shall remain the owner of all assets in the trust, and the assets shall be subject to the claims of Company creditors in the event (and only in the event) Company ever becomes insolvent. Neither Executive nor any beneficiary of Executive shall have any preferred claim to, any security interest in, or any beneficial ownership interest in any assets of the trust. Company has not and will not in the future set aside assets for security or enter into any other arrangement which will cause the obligation created to be other than a general corporate obligation of Company or will cause Executive to be more than a general creditor of Company.

(vii) Actuarial Equivalent. For purposes of the Plan, the terms "actuarial equivalent", or "actuarially equivalent" when used with respect to a specified benefit shall mean the amount of benefit of the referenced different type or payable at the referenced different age that can be provided at the same cost as such specified benefit, as computed by the Actuary and certified to Executive (or, in the case of Executive's death, to his spouse) by the Actuary. The actuarial assumptions used under the Plan to determine equivalencies between different forms and times of payment shall be the same as the actuarial assumptions then used in determining benefits payable under the CARP; provided, however, that with respect to the discount rate used to calculate a Lump-Sum Payment or a Spousal Lump-Sum Payment, the discount rate shall be the Aa Corporate Bond Rate. The term "Actuary" shall mean the individual actuary or actuarial firm selected by Company to service its pension plans generally or if no such individual or firm has been selected, an individual actuary or actuarial firm appointed by Company and reasonably satisfactory to Executive and/or Executive's spouse. The term "Aa Corporate Bond Rate" shall mean the average of the Moody's daily long-term corporate bond yield averages for Aa-rated corporate bonds published by Moody's Investors Service, for the three-month period ending on the last day of the second month preceding the date of the applicable election to receive a Lump-Sum Payment or a Spousal Lump-Sum Payment, as determined by the Actuary (or, if such yield information is no longer so published, then the average of the daily corporate bond yields for a comparable sample of Aa-rated corporate bonds of comparable tenor determined in good faith by the Actuary). Upon request, Company shall cause the Actuary to compute the Aa Corporate Bond Rate for a specified period and the amount of the applicable annuity, Lump-Sum Payment or Spousal Lump-Sum Payment for Executive (or, in the case of Executive's death, his spouse) and shall deliver such information to Executive or such spouse.

(viii) Medicare Payroll Taxes. Company shall indemnify Executive on a fully grossed-up, after-tax basis for any Medicare payroll taxes (plus any income taxes on such indemnity payments) incurred by Executive in connection with the accrual and/or payment of benefits under the Plan."

Capitalized terms (and the term "CO system") used in this letter agreement are used with the same meanings ascribed to them in your employment agreement.

If you agree with the foregoing, please sign the enclosed copy of this letter agreement, whereby this letter agreement shall be a binding agreement between you and the Company and shall amend your employment agreement accordingly.

Sincerely,

CONTINENTAL AIRLINES, INC.

By: _____

Michael H. Campbell

Senior Vice President - Human Resources
and Labor Relations

Agreed:

Jeffery A. Smisek

CONTINENTAL AIRLINES, INC.

1600 SMITH

HOUSTON, TX 77002

April 9, 2002

Dear Mr. Campbell:

You currently have Flight Benefits and a supplemental executive retirement plan pursuant to your employment agreement with Continental Airlines, Inc. (the "Company") or a subsidiary of the Company.

The Human Resources Committee of the Board of Directors has authorized the amendment of your Flight Benefits and your supplemental executive retirement plan as set forth in this letter agreement.

Your Flight Benefits and your supplemental executive retirement benefits are modified as follows:

1. The Company agrees that each of your spouse and your children will receive lifetime Platinum Elite OnePass Cards (or similar highest category successor frequent flyer cards) in their names for use on the CO system, and (subject to the terms and conditions of membership, including minimum age requirements) lifetime membership in the Company's President's Club (or any successor program maintained in the CO system).
2. Upon your death, your surviving spouse and children will be permitted, in the aggregate, to continue to use (in the proportions specified in your last will and testament or, if not so specified or if you die intestate, in equal proportions) your Flight Benefits on the CO system (out of any amounts unused by you at the date of your death) for up to a total amount of \$50,000 in value of flights (in any fare class) on the CO system, valued identically to the valuation of flights as currently contained in your Flight Benefits, which amount shall adjust automatically upon any change in the valuation methodology, from and after the date hereof, for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of the date hereof), so as to preserve the benefit of \$50,000 of flights relative to the valuations resulting from the valuation methodology used by the Company as of the date hereof (e.g., if a change in the valuation methodology results, on average, in such flights being valued 10% higher than the valuation that would result using the valuation methodology used by the Company as of the date hereof, then such amount would be increased by 10% to \$55,000). The Company will promptly notify you in writing of any adjustments to such amount.
3. You agree that your Flight Benefits are intended to be used principally for personal reasons and may not be used for business purposes (other than business purposes on behalf of the Company, and other than business usage that is incidental or de minimus, defined as amounting to less than 10% of the total value (valued as described in paragraph 2 above) of flights on the CO System charged to your UATP card (or any Similar Card) during any year), and that credit availability on your UATP card (or any Similar Card) may be suspended if your UATP card (or any Similar Card) is used for business purposes other than as described above and, after receiving written notice from the Company to cease such usage, you continue to use your UATP card (or any Similar Card) for such business purposes.
4. Section 3.5 of your employment agreement (your supplemental executive retirement plan) is hereby amended to read in its entirety as follows:

"3.5 Supplemental Executive Retirement Plan.

(i) Base Benefit. Company agrees to pay Executive the deferred compensation benefits set forth in this paragraph 3.5 as a supplemental retirement plan (the "Plan"). The base retirement benefit under the Plan (the "Base Benefit") shall be in the form of an annual straight life annuity in an amount equal to the product of (a) 2.5% times (b) the number of Executive's credited years of service (as defined below) under the Plan (but not in excess of 24 years) times (c) the Executive's final average compensation (as defined below). For purposes hereof, Executive's credited years of service under the Plan shall be equal to the sum of (1) the number of Executive's years of benefit service with Company, calculated as set forth in the Continental Retirement Plan (the "CARP") beginning at January 1, 2000 ("Actual Years of Service"), (2) an additional one year of service for each one year of service credited to Executive pursuant to clause (1) of this sentence for the period beginning on January 1, 2000 and ending on December 31, 2004, and (3) three additional years of service if Executive is paid the Termination Payment under this Agreement. For purposes hereof, Executive's final average compensation shall be equal to the greater of (A) \$399,000.00 or (B) the average of the five highest annual cash compensation amounts (or, if Executive has been employed less than five years by Company, the average over the full years employed by Company) paid to Executive by Company during the consecutive ten calendar years immediately preceding Executive's termination of employment at retirement or otherwise. For purposes hereof, cash compensation shall include base salary plus cash bonuses (including any amounts deferred (other than Stay Bonus amounts described below) pursuant to any deferred compensation plan of the Company), but shall exclude (i) any cash bonus paid on or prior to March 31, 1995, (ii) any Stay Bonus paid to Executive pursuant to that certain Stay Bonus Agreement between Company and Executive dated as of April 14, 1998, (iii) any Termination Payment paid to Executive under this Agreement, (iv) any payments received by Executive under Company's Officer Retention and Incentive Award Program, (v) any proceeds to Executive from any awards under any option, stock incentive or similar plan of Company, and (vi) any cash bonus paid under a long term incentive plan or program adopted by Company. Executive shall be vested immediately with respect to benefits due under the Plan.

(ii) Offset for CARP or Other Benefit. Any provisions of the Plan to the contrary notwithstanding, the Base Benefit shall be reduced by the actuarial equivalent (as defined below) of the pension benefit, if any, paid or payable to Executive from the CARP or from any other defined benefit nonqualified supplemental retirement plan provided to Executive by Company. In making such reduction, the Base Benefit and the benefit paid or payable under the CARP or any such other defined benefit nonqualified supplemental retirement plan shall be determined under the provisions of each plan as if payable in the form of an annual straight life annuity beginning on the Retirement Date (as defined below). The net benefit payable under this Plan shall then be actuarially adjusted based on the actuarial assumptions set forth in paragraph 3.5(vii) for the actual time and form of payments.

(iii) Normal and Early Retirement Benefits. Executive's benefit under the Plan shall be payable in equal monthly installments beginning on the first day of the month following the Retirement Date (the "Normal Retirement Benefit") or, at Executive's written election made not less than 15 days prior to the Retirement Date, in a lump-sum on the first day of such month in an amount equal to the Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction). For purposes hereof, "Retirement Date" is defined as the later of (a) the date on which Executive attains (or in the event of Executive's earlier death, would have attained) age 60 or (b) the date of Executive's retirement from employment with Company. Notwithstanding the foregoing, if Executive's employment with Company is terminated, for a reason other than death, on or after the date Executive attains age 55 or is credited with 10 Actual Years of Service and prior to the Retirement Date, then Executive shall be entitled to elect to receive the Lump-Sum Payment or commence to receive Executive's monthly installment benefit under the Plan, in either case as of the first day of any month coinciding with or next following Executive's termination of employment, or as the first day of any subsequent month preceding the Retirement Date (an "Early Retirement Benefit"); provided, however, that (1) written notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the monthly installment benefit (or the date of payment, in the case of a Lump-Sum Payment), (2) each monthly installment payment under an Early Retirement Benefit, or the amount of the Lump-Sum Payment, as the case may be, shall be reduced to the extent necessary to cause the value of such Early Retirement Benefit (determined without regard to clause (3) of this proviso) to be the actuarial equivalent of the value of the Normal Retirement Benefit (in each case based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time and form of payments), and (3) each monthly installment payment under an Early Retirement Benefit that is made prior to the Retirement Date, or the Lump-Sum Payment, as the case may be, shall be reduced by an additional 10% of the amount of such payment as initially determined pursuant to clause (2) of this proviso. The HR Committee may, in its sole and absolute discretion, waive all or any part of the reductions contemplated in clauses (2) and/or (3) of the proviso of the preceding sentence. As used herein, "Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the Normal Retirement Benefit, based on the actuarial assumptions set forth in paragraph 3.5(vii) and adjusted for the actual time of payment.

(iv) Form of Retirement Benefit. If Executive is not married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive in the form of a single life annuity for the life of Executive (unless Executive elects a Lump-Sum Payment, in which case benefits under the Plan will be paid in cash in a lump-sum). If Executive is married on the date Executive's benefit under paragraph 3.5(iii) commences, then benefits under the Plan will be paid to Executive (unless Executive has elected a Lump-Sum Payment), at the written election of Executive made at least 15 days prior to the first payment of benefits under the Plan, in either (1) the form of a single life annuity for the life of Executive, or (2) the form of a joint and survivor annuity that is actuarially equivalent to the benefit that would have been payable under the Plan to Executive if Executive was not married on such date, with Executive's spouse as of the date benefit payments commence being entitled during such spouse's lifetime after Executive's death to a benefit equal to 50% of the benefit payable to Executive during their joint lifetimes. If Executive fails to make such election and does not make an election to receive a Lump-Sum Payment, Executive will be deemed to have elected a joint and survivor annuity.

(v) Death Benefit. Except as provided in this paragraph 3.5(v), no benefits shall be paid under the Plan if Executive dies prior to the date Executive's benefit commences pursuant to paragraph 3.5(iii). In the event of Executive's death prior to the commencement of Executive's benefit pursuant to paragraph 3.5(iii), Executive's surviving spouse, if Executive is married on the date of Executive's death, will receive, at such spouse's written election made within 90 days after Executive's death, either (A) a single life annuity consisting of monthly payments for the life of such surviving spouse determined as follows: (a) if Executive dies on or before reaching the Retirement Date, the death benefit such spouse would have received had Executive terminated employment on the earlier of Executive's actual date of termination of employment or Executive's date of death, survived until the Retirement Date, elected a joint and survivor annuity and began to receive Executive's Plan benefit beginning immediately at the Retirement Date, and died on the day after the Retirement Date; or (b) if Executive dies after reaching the Retirement Date, the death benefit such spouse would have received had Executive elected a joint and survivor annuity and begun to receive Executive's Plan benefit beginning on the day prior to Executive's death, or (B) a Spousal Lump-Sum Payment less 10% of such sum (provided, however, that the HR Committee may, in its sole and absolute discretion, waive all or any part of such 10% reduction), which shall be paid as a lump-sum in cash on the date that the first payment of the single life annuity described in clause (A) of this sentence would have been paid if the surviving spouse had elected to receive such single life annuity. As used herein, "Spousal Lump-Sum Payment" shall mean the lump-sum actuarial equivalent of the value of the single life annuity described in clause (A) of the foregoing sentence, based on the actuarial assumptions set forth in paragraph 3.5(vi) and adjusted for the actual time of payment. Payment of such survivor annuity, if so elected, shall begin on the first day of the month following the later of (1) Executive's date of death or (2) the Retirement Date;

provided, however, that if Executive was eligible to elect an Early Retirement Benefit as of the date of Executive's death, then Executive's surviving spouse shall be entitled to elect to receive the Spousal Lump-Sum Payment or commence to receive such survivor annuity as of the first day of the month next following the date of Executive's death, or as the first day of any subsequent month preceding the Retirement Date. Notice of such election must be received by Company not less than 15 days prior to the proposed date of commencement of the benefit or payment of the Spousal Lump-Sum Payment, as the case may be, and each payment of such survivor annuity, or the amount of the Spousal Lump-Sum Payment, as the case may be, shall be reduced based on the principles used for the reductions described in clauses (2) and (3) of the proviso to the third sentence of paragraph 3.5(iii). If such surviving spouse fails to make an election to receive a Spousal Lump-Sum Payment, the surviving spouse will be deemed to have elected to receive the survivor annuity.

(vi) Unfunded Benefit. The Plan is intended to constitute an unfunded, unsecured plan of deferred compensation. Further, it is the intention of Company that the Plan be unfunded for purposes of the Internal Revenue Code of 1986, as amended, and Title I of the Employee Retirement Income Security Act of 1974, as amended. The Plan constitutes a mere promise by Company to make benefit payments in the future. Plan benefits hereunder provided are to be paid out of Company's general assets, and Executive shall have the status of, and shall have no better status than, a general unsecured creditor of Company. Executive understands that he must rely upon the general credit of Company for payment of benefits under the Plan. Company shall establish a "rabbi" trust to assist Company in meeting its obligations under the Plan. The trustee of such trust shall be a nationally-recognized and solvent bank or trust company that is not affiliated with Company. Company shall transfer to the trustee money and/or other property determined in the sole discretion of the HR Committee based on the advice of the Actuary (as defined below) on an as-needed basis in order to assure that the benefit payable under the Plan is at all times fully funded. The trustee shall pay Plan benefits to Executive and/or Executive's spouse out of the trust assets if such benefits are not paid by Company. Company shall remain the owner of all assets in the trust, and the assets shall be subject to the claims of Company creditors in the event (and only in the event) Company ever becomes insolvent. Neither Executive nor any beneficiary of Executive shall have any preferred claim to, any security interest in, or any beneficial ownership interest in any assets of the trust. Company has not and will not in the future set aside assets for security or enter into any other arrangement which will cause the obligation created to be other than a general corporate obligation of Company or will cause Executive to be more than a general creditor of Company.

(vii) Actuarial Equivalent. For purposes of the Plan, the terms "actuarial equivalent", or "actuarially equivalent" when used with respect to a specified benefit shall mean the amount of benefit of the referenced different type or payable at the referenced different age that can be provided at the same cost as such specified benefit, as computed by the Actuary and certified to Executive (or, in the case of Executive's death, to his spouse) by the Actuary. The actuarial assumptions used under the Plan to determine equivalencies between different forms and times of payment shall be the same as the actuarial assumptions then used in determining benefits payable under the CARP; provided, however, that with respect to the discount rate used to calculate a Lump-Sum Payment or a Spousal Lump-Sum Payment, the discount rate shall be the Aa Corporate Bond Rate. The term "Actuary" shall mean the individual actuary or actuarial firm selected by Company to service its pension plans generally or if no such individual or firm has been selected, an individual actuary or actuarial firm appointed by Company and reasonably satisfactory to Executive and/or Executive's spouse. The term "Aa Corporate Bond Rate" shall mean the average of the Moody's daily long-term corporate bond yield averages for Aa-rated corporate bonds published by Moody's Investors Service, for the three-month period ending on the last day of the second month preceding the date of the applicable election to receive a Lump-Sum Payment or a Spousal Lump-Sum Payment, as determined by the Actuary (or, if such yield information is no longer so published, then the average of the daily corporate bond yields for a comparable sample of Aa-rated corporate bonds of comparable tenor determined in good faith by the Actuary). Upon request, Company shall cause the Actuary to compute the Aa Corporate Bond Rate for a specified period and the amount of the applicable annuity, Lump-Sum Payment or Spousal Lump-Sum Payment for Executive (or, in the case of Executive's death, his spouse) and shall deliver such information to Executive or such spouse.

(viii) Medicare Payroll Taxes. Company shall indemnify Executive on a fully grossed-up, after-tax basis for any Medicare payroll taxes (plus any income taxes on such indemnity payments) incurred by Executive in connection with the accrual and/or payment of benefits under the Plan."

Capitalized terms (and the term "CO system") used in this letter agreement are used with the same meanings ascribed to them in your employment agreement.

If you agree with the foregoing, please sign the enclosed copy of this letter agreement, whereby this letter agreement shall be a binding agreement between you and the Company and shall amend your employment agreement accordingly.

Sincerely,

CONTINENTAL AIRLINES, INC.

By: _____

Jeffery A. Smisek

Agreed:

Michael H. Campbell

Special Bonus Program for Key Management for the First Quarter of 2002

BE IT RESOLVED, that this Committee hereby adopts a special bonus program for the first fiscal quarter of 2002 only, which this Committee shall administer, for participants in the Executive Bonus Performance Award Program, which special program will provide each such participant an opportunity to receive a cash bonus payment with respect to the first fiscal quarter of 2002, in the amount of 62.5% of the participant's base salary earned during the period from January 1, 2002 through March 31, 2002, if the Company achieves an operating loss of \$126 million or better with respect to the first fiscal quarter of 2002 (adjusted as appropriate to reflect one-time, unusual or extraordinary losses or gains, dispositions of operations or investments, or similar matters, such as write-offs of assets, aircraft leases and similar fleet charges); that amounts, if any, payable under the Executive Bonus Performance Award Program with respect to the first fiscal quarter in 2002 will be netted against any amounts otherwise payable under such special bonus program, and that this Committee reserves the right to amend or terminate such special bonus program at any time by notifying the Chief Executive Officer thereof; and

RESOLVED, that the payment of bonuses under the special bonus program for the first fiscal quarter of 2002 will require the advanced approval of this Committee, which may be effected at a meeting of this Committee or by an approval form signed by each member of this Committee, and no such bonuses will be paid or payable (or they will be subject to reduction or repayment if paid, as determined by the Committee) if the Company applies for a federal credit instrument under the Air Transportation Safety and System Stabilization Act and the Committee determines that such payment could reasonably be expected to jeopardize the Company's ability to obtain or maintain federal credit instruments under the Air Transportation Safety and System Stabilization Act, as amended from time to time, and applicable rules and regulations thereunder; and

RESOLVED, that the interpretation and construction by the Committee of any provision of the special bonus program, and any determination or action by the Committee in connection therewith, will be final and conclusive for all purposes, and each participant's participation in the program will be expressly subject to the foregoing; that no member of the Committee shall be liable in connection with the program for any action or determination taken or made in good faith or upon reliance in good faith on the records of the Company or information presented to the Committee by the Company's officers, employees, or other persons (including the Company's outside auditors) as to matters such member reasonably believes are within such other person's professional or expert competence; and that if a participant disagrees with any decision, determination, or action made or taken by the Committee, then the dispute will be limited to whether the Committee has satisfied its duty to make such decision or determination or take such action in good faith; and

RESOLVED, that participation in the program by a participant shall terminate upon such participant's termination of employment with the Company and its subsidiaries, and no participant shall have any right to continue to participate in the program or have any vested right to any bonus thereunder (except if the end of the first fiscal quarter of 2002 has already passed prior to an amendment or termination of the program or prior to such participant's termination of employment with the Company and its subsidiaries); and

RESOLVED, that participation in the program will not confer any right of future employment; that the program is not intended to create a pension or welfare benefit plan and is intended to be exempt from application of the Employee Retirement Income Security Act of 1974, as amended; and that the program is unfunded and shall not create, or be construed to create, a trust or separate fund or funds, and each participant shall be entitled only to look to the Company for any benefit hereunder, and shall have no greater right than an unsecured creditor of the Company; and

RESOLVED, that no liability whatsoever shall attach to or be incurred by any past, present or future stockholders, officers or directors, as such, of the Company or any of its subsidiaries, under or by reason of the program or the administration thereof, and each participant, in consideration of receiving benefits and participating thereunder, shall be deemed to agree to all the terms and conditions of the program and to expressly waive and release any and all claims relating to any such liability; and

RESOLVED, that no bonus or other right, title, interest, or benefit under the program shall ever be assignable or transferable, or liable for, or charged with any of the torts or obligations of a participant or any person claiming under a participant, or be subject to seizure by any creditor of a participant or any person claiming under a participant; that no participant or any person claiming under a participant shall have the power to anticipate or dispose of any bonus or other right, title, interest, or benefit under the program in any manner until the same shall have actually been distributed free and clear of the terms of the program; that payments with respect to bonuses under the program shall be payable only to the participant (or in the event of the death of a participant, any payment due under the program to such participant shall be made to his or her estate), and that the provisions of the program shall be binding on all successors and assigns of a participant, including without limitation the estate of such participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the participant's creditors; and

RESOLVED, that the program shall be construed in accordance with the laws of Texas, and that the Company shall have the right to withhold from any payment under the program all applicable federal, state, local and other taxes as required by law; and

RESOLVED, that the Chief Executive Officer is authorized to notify each person who is a participant in the special bonus program of the existence and structure of the special bonus program and the fact that such person is a participant.

Special Bonus Program for Key Management for the Second, Third and Fourth Quarters of 2002

BE IT RESOLVED, that this Committee hereby adopts a special bonus program for the second, third and fourth fiscal quarters of 2002 only, which this Committee shall administer, for participants in the Executive Bonus Performance Award Program, which special bonus program will provide each such participant an opportunity to receive a quarterly cash bonus payment with respect to each of the second, third and fourth fiscal quarters in 2002, in the amount of 62.5% of the participant's base salary earned beginning January 1, 2002 through the end of the relevant quarter (less any amounts paid with respect to prior fiscal quarters in 2002 under the special bonus program or the Company's Executive Bonus Performance Award Program, and less any amounts paid with respect to the first fiscal quarter of 2002 under the special bonus program adopted by this Committee on February 20, 2002 applicable to the first fiscal quarter of 2002) if the Company either (1) achieves the cumulative operating income amounts through the end of such quarter contained in the quarterly results that are part of the Annual Financial Plan of the Company adopted by the Board of Directors (adjusted as appropriate to reflect one-time, unusual or extraordinary losses or gains, dispositions of operations or investments, or similar matters, such as write-offs of assets or aircraft leases or similar fleet charges), or (2) ranks first when comparing the Cumulative EBITDAR Margins with respect to the applicable quarter for all companies comprising the Industry Group as of the last day of such quarter (as such terms are defined in the Company's Executive Bonus Performance Award Program); that such special bonus program will also provide each such participant an opportunity to receive a year-end cash bonus, payable promptly after publication of the Company's consolidated financial statements for 2002, in the amount of 62.5% of the participant's base salary earned for the full-year 2002, if the Company achieves a break-even net income or greater for 2002, including accruals for the special bonus program, and that this Committee reserves the right to amend or terminate such special bonus program at any time by notifying the Chief Executive Officer thereof; and

RESOLVED, that the payment of bonuses under the special bonus program for any of the second, third and fourth fiscal quarters of 2002 and payment of any year-end bonus under such program will require the advanced approval of this Committee, which may be effected at a meeting of this Committee or by an approval form signed by each member of this Committee, and no such bonuses will be paid or payable (or they will be subject to reduction or repayment if paid, as determined by the Committee) if the Company applies for a federal credit instrument under the Air Transportation Safety and System Stabilization Act and the Committee determines that such payment could reasonably be expected to jeopardize the Company's ability to obtain or maintain federal credit instruments under the Air Transportation Safety and System Stabilization Act, as amended from time to time, and applicable rules and regulations thereunder; and

RESOLVED, that the interpretation and construction by the Committee of any provision of the special bonus program, and any determination or action by the Committee in connection therewith, will be final and conclusive for all purposes, and each participant's participation in the program will be expressly subject to the foregoing; that no member of the Committee shall be liable in connection with the program for any action or determination taken or made in good faith or upon reliance in good faith on the records of the Company or information presented to the Committee by the Company's officers, employees, or other persons (including the Company's outside auditors) as to matters such member reasonably believes are within such other person's professional or expert competence; and that if a participant disagrees with any decision, determination, or action made or taken by the Committee, then the dispute will be limited to whether the Committee has satisfied its duty to make such decision or determination or take such action in good faith; and

RESOLVED, that participation in the program by a participant shall terminate upon such participant's termination of employment with the Company and its subsidiaries, and no participant shall have any right to continue to participate in the program or have any vested right to any bonus thereunder (except for vested rights to bonuses with respect to any fiscal quarter (or year-end) of 2002 that has already passed prior to an amendment or termination of the program or prior to such participant's termination of employment with the Company and its subsidiaries); and

RESOLVED, that participation in the program will not confer any right of future employment; that the program is not intended to create a pension or welfare benefit plan and is intended to be exempt from application of the Employee Retirement Income Security Act of 1974, as amended; and that the program is unfunded and shall not create, or be construed to create, a trust or separate fund or funds, and each participant shall be entitled only to look to the Company for any benefit hereunder, and shall have no greater right than an unsecured creditor of the Company; and

RESOLVED, that no liability whatsoever shall attach to or be incurred by any past, present or future stockholders, officers or directors, as such, of the Company or any of its subsidiaries, under or by reason of the program or the administration thereof, and each participant, in consideration of receiving benefits and participating thereunder, shall be deemed to agree to all the terms and conditions of the program and to expressly waive and release any and all claims relating to any such liability; and

RESOLVED, that no bonus or other right, title, interest, or benefit under the program shall ever be assignable or transferable, or liable for, or charged with any of the torts or obligations of a participant or any person claiming under a participant, or be subject to seizure by any creditor of a participant or any person claiming under a participant; that no participant or any person claiming under a participant shall have the power to anticipate or dispose of any bonus or other right, title, interest, or benefit under the program in any manner until the same shall have actually been distributed free and clear of the terms of the program; that payments with respect to bonuses under the program shall be payable only to the participant (or in the event of the death of a participant, any payment due under the program to such participant shall be made to his or her estate), and that the provisions of the program shall be binding on all successors and assigns of a participant, including without limitation the estate of such participant and the

executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the participant's creditors; and

RESOLVED, that the program shall be construed in accordance with the laws of Texas, and that the Company shall have the right to withhold from any payment under the program all applicable federal, state, local and other taxes as required by law; and

RESOLVED, that the Chief Executive Officer is authorized to notify each person who is a participant in the special bonus program of the existence and structure of the special bonus program and the fact that such person is a participant.

CONTINENTAL AIRLINES, INC.

LONG TERM INCENTIVE PERFORMANCE AWARD PROGRAM

(as amended and restated through April 9, 2002)

I. PURPOSE OF PROGRAM

This Continental Airlines, Inc. Long Term Incentive Performance Award Program (the "Program") has been adopted by the Human Resources Committee of the Board of Directors of Continental Airlines, Inc., a Delaware corporation (the "Company"), to implement in part the Performance Award provisions of the Continental Airlines, Inc. Incentive Plan 2000 (as amended from time to time, the "Incentive Plan 2000") adopted by the Board of Directors of the Company, and is intended to provide a method for attracting, motivating, and retaining key employees to assist in the development and growth of the Company and its Subsidiaries. The Program and Awards hereunder shall be subject to the terms of the Incentive Plan 2000, including the limitations on the maximum value of Awards contained therein.

II. DEFINITIONS AND CONSTRUCTION

1. **Definitions.** Where the following words and phrases are used in the Program, they shall have the respective meanings set forth below, unless the context clearly indicates to the contrary:

(a) "Administrator" means (i) in the context of Awards made to, or the administration (or interpretation of any provision) of the Program as it relates to, any person who is subject to Section 16 of the Securities Exchange Act of 1934, as amended (including any successor section to the same or similar effect, "Section 16"), the Committee, or (ii) in the context of Awards made to, or the administration (or interpretation of any provision) of the Program as it relates to, any person who is not subject to Section 16, the Chief Executive Officer of the Company (or, if the Chief Executive Officer is not a director of the Company, the Committee), unless the Program specifies that the Committee shall take specific action (in which case such action may only be taken by the Committee) or the Committee (as to any Award described in this clause (ii) or the administration or interpretation of any specific provision of the Program) specifies that it shall serve as Administrator.

(b) "Award" means, with respect to each Participant for a Performance Period, such Participant's opportunity to earn a Payment Amount for such Performance Period upon the satisfaction of the terms and conditions of the Program. Awards hereunder constitute Performance Awards (as such term is defined in the Incentive Plan 2000) under the Incentive Plan 2000.

(c) "Award Notice" means a written notice issued by the Company to a Participant evidencing such Participant's receipt of an Award with respect to a Performance Period.

(d) "Base Amount" means the sum of (i) the annual base rate of pay paid or payable in cash by the Company and the Subsidiaries to or for the benefit of a Participant for services rendered or labor performed, plus (ii) an additional amount equal to (1) for all Participants other than those described in Section 2.1(z)(vi), 2.1(z)(vii) or 2.1(z)(viii) below, 125% of the amount described in clause (i), and (2) for all Participants described in Section 2.1(z)(vi), 2.1(z)(vii) or 2.1(z)(viii) below, 37.5% of the amount described in clause (i). Base Amount shall be determined without reduction for amounts a Participant could have received in cash in lieu of (A) elective deferrals under the Company's Deferred Compensation Plan or (B) elective contributions made on such Participant's behalf by the Company or a Subsidiary pursuant to a qualified cash or deferred arrangement (as defined in section 401(k) of the Code) or pursuant to a plan maintained under section 125 of the Code.

(e) "Board" means the Board of Directors of the Company.

(f) "Cause" means (i) in the case of a Participant with an employment agreement with the Company or a Subsidiary, the involuntary termination of such Participant's employment by the Company (or, if applicable, a Subsidiary) under circumstances that do not require the Company (or such Subsidiary) to pay to such Participant a "Termination Payment" or "Monthly Severance Amount," as such terms are defined in such Participant's employment agreement, and (ii) in the case of a Participant who does not have an employment agreement with the Company or a Subsidiary, the involuntary termination of such Participant's employment by the Company (or, if applicable, a Subsidiary) based upon a determination by the Administrator or an authorized officer of the Company (or such Subsidiary) that such Participant has engaged in gross negligence or willful misconduct in the performance of, or such Participant has abused alcohol or drugs rendering him or her unable to perform, the material duties and services required of him or her in his or her employment.

(g) "Change in Control" shall have the same meaning as is assigned to such term under the Incentive Plan 2000, as in effect on May 15, 2001.

(h) "Change Year" means the calendar year during which a Change in Control occurs.

(i) "Code" means the Internal Revenue Code of 1986, as amended.

(j) "Committee" means a committee of the Board comprised solely of two or more outside directors (within the meaning of the term "outside directors" as used in section 162(m) of the Code). Such committee shall be the Human Resources Committee of the Board

unless and until the Board designates another committee of the Board to serve as the Committee.

(k) "Company" means Continental Airlines, Inc., a Delaware corporation.

(l) "Company Stock" means the Class B common stock, par value \$0.01 per share, of the Company.

(m) "Disability" or "Disabled" means, with respect to a Participant, such Participant's disability entitling him or her to benefits under the Company's group long-term disability plan; provided, however, that if such Participant is not eligible to participate in such plan, then such Participant shall be considered to have incurred a "Disability" if and when the Administrator determines in its discretion that such Participant has become incapacitated for a period of at least 180 days by accident, sickness, or other circumstance which renders such Participant mentally or physically incapable of performing the material duties and services required of him or her in his or her employment on a full-time basis during such period.

(n) "EBITDAR" means, with respect to each company in the Industry Group and each Performance Period, the aggregate earnings of such company and its consolidated subsidiaries during the Performance Period, determined prior to the charges, costs, and expenses associated with interest, income taxes, depreciation, amortization, and aircraft rent. EBITDAR shall be determined based on the regularly prepared and publicly available statements of operations of each company in the Industry Group prepared in accordance with GAAP (and if necessary to determine certain items, based on Form 41 data filed by such company with the Department of Transportation); provided, however, that EBITDAR shall be adjusted to exclude (i) non-operating income or expense, (ii) write-offs of assets (including aircraft and associated parts), (iii) one-time gains or losses from the disposal of assets, and (iv) any other item of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, in each case under clauses (i), (ii), (iii) and (iv) as determined by the Committee in accordance with GAAP. If the fiscal year of a company in the Industry Group is not the calendar year, then such company's EBITDAR for a Performance Period shall be determined based upon the fiscal quarters of such company that coincide with the fiscal quarters contained in such Performance Period. Further, if a company in the Industry Group provides publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses, then such company's EBITDAR shall be determined based solely upon the separately provided statements of operations pertaining to its airline business.

(o) "EBITDAR Margin" means, with respect to each company in the Industry Group and each Performance Period, the cumulative EBITDAR for such company for such Performance Period divided by such company's cumulative revenues (determined on a consolidated basis based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP) over such Performance Period. If the fiscal year of a company in the Industry Group is not the calendar year, then such company's EBITDAR Margin for a Performance Period shall be determined based upon the fiscal quarters of such company that coincide with the fiscal quarters contained in such Performance Period. Further, if a company in the Industry Group provides publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses, then such company's EBITDAR Margin shall be determined based solely upon the separately provided statements of operations pertaining to its airline business.

(p) "Effective Date" means January 1, 2000.

(q) "Eligible Employee" means any individual who is (i) a staff vice president or more senior officer of the Company or (ii) a vice president or more senior officer of a Subsidiary, or (iii) any other officer of the Company or any Subsidiary designated by the Administrator as an Eligible Employee for purposes of the Program.

(r) "GAAP" means United States generally accepted accounting principles, consistently applied.

(s) "Incentive Plan 2000" means the Continental Airlines, Inc. Incentive Plan 2000, as amended from time to time.

(t) "Industry Group" means, with respect to each Performance Period, the companies determined in accordance with the provisions of Article V for such Performance Period.

(u) "Market Value per Share" means, as of any specified date, the closing sales price of Company Stock on that date (or, if there are no sales on that date, the last preceding date on which there was a sale) in the principal securities market in which the Company Stock is then traded.

(v) "Number 1 Ranking," "Number 2 Ranking," and "Number 3 Ranking" shall have the meanings assigned to such terms in Section 2.1(bb).

a. "Operating Income Hurdle" with respect to a Performance Period means the achievement by the Company, during such Performance Period, of an average annual operating income of \$300 million (\$250 million with respect to the Performance Period commencing on the Effective Date and ending on December 31, 2002 or, with respect to any Performance Period beginning after the Effective Date, such other amount as may be established by the Committee prior to the commencement of the applicable Performance Period) or more, as reflected on the regularly prepared and publicly available statements of operations of the Company and its consolidated subsidiaries prepared in accordance with GAAP, adjusted to exclude (i) accruals with respect to the Program, (ii) write-offs of assets (including aircraft and associated parts), (iii) one-time gains or losses from the disposal of assets, and the effect on annual operating income of the disposition of all or a significant portion of a business, and (iv) any other item of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, in each case under clauses (i), (ii), (iii) and (iv) as determined by the Committee in accordance with GAAP. The effect on annual operating income of the disposition of

all or a significant portion of a business shall be determined by comparing (A) the operating income of the Company and its consolidated subsidiaries for the most recently completed fiscal year immediately preceding the date that such business is deconsolidated, in accordance with GAAP, from the Company's consolidated financial statements, with (B) the pro-forma annual operating income of the Company and its consolidated subsidiaries for such fiscal year, as set forth in a pro-forma condensed income statement of the Company and its consolidated subsidiaries covering such fiscal year and reflecting such disposition as if it had occurred at the beginning of such fiscal year, prepared in accordance with Rules 11-01 and 11-02 of Regulation S-X under the Securities Exchange Act of 1934, as amended (irrespective of whether such rules would require the preparation thereof). The annual operating income of the year in which the disposition and deconsolidation occurs (pro-rated for the date of occurrence), and each following year in Performance Periods for then-outstanding Awards, shall be adjusted for such effect.

(x) "Participant" means an Eligible Employee who has received an Award under the Program with respect to a Performance Period pursuant to Section 4.1.

(y) "Payment Amount" means, with respect to each Participant and each Performance Period for which the Performance Target is satisfied, an amount equal to (i) such Participant's Base Amount in effect as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, multiplied by (ii) the Payout Percentage applicable to such Participant for such Performance Period; provided, however, that the Payment Amount with respect to each Participant with respect to the Performance Period commencing on January 1, 2000 and ending on December 31, 2000 shall be one-third of the amount calculated in accordance with the foregoing formula, and the Payment Amount with respect to each Participant with respect to the Performance Period commencing on January 1, 2000 and ending on December 31, 2001 shall be two-thirds of the amount calculated in accordance with the foregoing formula. Notwithstanding the foregoing, in no event shall the aggregate Payment Amounts with respect to any Performance Period exceed 5% of the actual average annual operating income of the Company and its consolidated subsidiaries with respect to such Performance Period (the "Program Cap"), as reflected on the regularly prepared and publicly available statements of operations of the Company and its consolidated subsidiaries prepared in accordance with GAAP, adjusted to exclude (i) accruals with respect to the Program, (ii) write-offs of assets (including aircraft and associated parts), (iii) one-time gains or losses from the disposal of assets, and (iv) any other item of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, in each case under clauses (i), (ii), (iii) and (iv) as determined by the Committee in accordance with GAAP; provided, however, that the Program Cap shall be \$25 million with respect to the Performance Period beginning on January 1, 2000 and ending on December 31, 2002. All Payment Amounts with respect to any Performance Period in which the Program Cap would, but for the foregoing limitation, be exceeded shall be reduced pro-rata so that the aggregate Payment Amounts equal the Program Cap.

(z) "Payout Percentage" means, with respect to each Performance Period for which the Performance Target is satisfied:

(i) In the case of a Participant who is the Company's Chief Executive Officer as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 150% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 100% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 75% if the Company achieves a Number 3 Ranking for such Performance Period;

(ii) In the case of a Participant who is the Company's President as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 135% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 90% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 70% if the Company achieves a Number 3 Ranking for such Performance Period;

(iii) In the case of a Participant who is an Executive Vice President of the Company as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 100% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 75% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 50% if the Company achieves a Number 3 Ranking for such Performance Period;

(iv) In the case of a Participant who is a Senior Vice President of the Company (or who is the President of Continental Express, Inc.) as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 70% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 50% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 30% if the Company achieves a Number 3 Ranking for such Performance Period;

(v) In the case of a Participant (other than a Participant described in any of clauses (i), (ii), (iii) or (iv) above) who is a participant in the Company's Executive Bonus Program as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 55% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 40% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 25% if the Company achieves a Number 3 Ranking for such Performance Period;

- i. In the case of a Participant who is designated as a Category 1 officer by the Administrator and is not described in any of clauses (i), (ii), (iii), (iv) or (v) above as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 85% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 55% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 40% if the Company achieves a Number 3 Ranking for such Performance Period;
- ii. In the case of a Participant who is designated as a Category 2 officer by the Administrator and is not described in any of clauses (i), (ii), (iii), (iv), (v) or (vi) above as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 65% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 40% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 30% if the Company achieves a Number 3 Ranking for such Performance Period; and
- iii. In the case of a Participant who is designated as a Category 3 officer by the Administrator and is not described in any of clauses (i), (ii), (iii), (iv), (v), (vi) or (vii) above as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 30% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 20% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 15% if the Company achieves a Number 3 Ranking for such Performance Period.

Notwithstanding the foregoing, if an Eligible Employee becomes a Participant and receives an Award with respect to a Performance Period after the first day of such Performance Period, the Administrator may, in its sole discretion, reduce the percentages set forth in this Section 2.1(z) as they shall apply to such Participant for such Performance Period.

(aa) "Performance Period" means: (i) as to the first Performance Period under the Program, the period commencing on the Effective Date and ending on December 31, 2000, (ii) as to the second Performance Period under the Program, the period commencing on the Effective Date and ending on December 31, 2001, (iii) as to the third Performance Period under the Program, the period commencing on the Effective Date and ending on December 31, 2002, and (iv) each three-year period commencing on the first day of a calendar year that begins after the Effective Date. Notwithstanding the foregoing, no new Performance Period shall commence on or after the date upon which a Change in Control occurs, unless otherwise determined by the Committee.

(bb) "Performance Target" means, with respect to a Performance Period, that (1) the EBITDAR Margin for the Company for such Performance Period ranks first (a "Number 1 Ranking"), second (a "Number 2 Ranking"), or third (a "Number 3 Ranking") when comparing the EBITDAR Margins for such Performance Period for all companies comprising the Industry Group as of the last day of such Performance Period, and (2) the Operating Income Hurdle with respect to such Performance Period has been achieved.

(cc) "Program" means this Continental Airlines, Inc. 1999 Long Term Incentive Performance Award Program, as amended from time to time.

(dd) "Qualifying Event" means, with respect to a Participant, (i) the termination of such Participant's employment with the Company, (ii) the assignment to such Participant by the Board or the Administrator or other officers or representatives of the Company (or, if applicable, a Subsidiary) of duties materially inconsistent with the duties associated with his or her position as such duties are constituted as of the first day of the Change Year, (iii) a material diminution in the nature or scope of such Participant's authority, responsibilities, or title from those applicable to him or her as of the first day of the Change Year, (iv) the occurrence of material acts or conduct on the part of the Company (or, if applicable, a Subsidiary) or its officers or representatives which prevent such Participant from performing his or her duties and responsibilities as they existed on the first day of the Change Year, (v) the Company (or, if applicable, a Subsidiary) requiring such Participant to be permanently based anywhere outside a major urban center in the state (or, if applicable, foreign country, U.S. territory or other applicable sovereign entity) in which he or she was based as of the first day of the Change Year, or (vi) the taking of any action by the Company (or, if applicable, a Subsidiary) that would materially adversely affect the corporate amenities enjoyed by such Participant on the first day of the Change Year, except in each case if such Participant's employment with the Company is terminated (1) for Cause, (2) upon such Participant's death or Disability, or (3) upon the voluntary resignation of such Participant (other than in connection with circumstances which would permit such Participant to receive severance benefits (including a "Termination Payment" or "Monthly Severance Amount," as such terms are defined in such Participant's employment agreement) pursuant to any contract of employment between such Participant and the Company or any Subsidiary).

(ee) "Stock Options" means options to acquire shares of Company Stock, awarded under a stock incentive plan established and maintained by the Company. Stock Options shall not constitute incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. Each Stock Option shall (i) have a purchase price per share equal to the fair market value (determined under the stock incentive plan under which such Stock Option is granted) of a share of Company Stock as of the date of grant of such Stock Option (which shall be the date of the Cancellation Notice described in Section 6.6), (ii) become exercisable on each anniversary of the date of grant thereof (until such Stock Option is exercisable in full), in an amount equal to that percentage of the shares covered thereby as is equal to (A) 100% divided by (B) the number of full years (rounded up to the next highest number of full years, and in no event less than one year) between the date of grant of such Stock Option and the last day of the Performance Period for the Award (or portion thereof) which has been cancelled and replaced by the Stock Option, (iii) have a term of at least five years from the date of grant, and (iv) except as described in clauses (ii) and (iii) above, have the same terms as other non-qualified stock options granted by the Company to employees under the relevant stock incentive plan established and maintained by the Company.

(ff) "Subsidiary" means any entity (other than the Company) with respect to which the Company, directly or indirectly through one or more other entities, owns equity interests possessing 50 percent or more of the total combined voting power of all equity interests of such entity (excluding voting power that arises only upon the occurrence of one or more specified events).

(gg) "Trading Day" means a day during which trading in securities generally occurs in the principal securities market in which Company Stock is traded.

2.2 Number, Gender, Headings, and Periods of Time. Wherever appropriate herein, words used in the singular shall be considered to include the plural, and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Program, shall be deemed to include the feminine gender. The headings of Articles, Sections, and Paragraphs herein are included solely for convenience. If there is any conflict between such headings and the text of the Program, the text shall control. All references to Articles, Sections, and Paragraphs are to this Program unless otherwise indicated. Any reference in the Program to a period or number of days, weeks, months, or years shall mean, respectively, calendar days, calendar weeks, calendar months, or calendar years unless expressly provided otherwise.

III. ADMINISTRATION

3.1 Administration by the Administrator. The Program shall be administered by the Administrator, so that (i) Awards made to, and the administration (or interpretation of any provision) of the Plan as it relates to, any person who is subject to Section 16, shall be made or effected by the Committee, and (ii) Awards made to, and the administration (or interpretation of any provision) of the Program as it relates to, any person who is not subject to Section 16, shall be made or effected by the Chief Executive Officer of the Company (or, if the Chief Executive Officer is not a director of the Company, the Committee), unless the Program specifies that the Committee shall take specific action (in which case such action may only be taken by the Committee) or the Committee (as to any Award described in this clause (ii) or the administration or interpretation of any specific provision of the Program) specifies that it shall serve as Administrator. The action of a majority of the members of the Committee will be the act of the Committee.

3.2 Powers of the Administrator. The Administrator shall supervise the administration and enforcement of the Program according to the terms and provisions hereof and shall have the sole discretionary authority and all of the powers necessary to accomplish these purposes. The Administrator (which shall be limited solely to the Committee with respect to clauses (e), (f), (g), (h), (i) and (j) below) shall have all of the powers specified for it under the Program, including, without limitation, the power, right, or authority: (a) to designate an Eligible Employee as a Participant with respect to a Performance Period at any time prior to the last day of such period, (b) from time to time to establish rules and procedures for the administration of the Program, which are not inconsistent with the provisions of the Program or the Incentive Plan 2000, and any such rules and procedures shall be effective as if included in the Program, (c) to construe in its discretion all terms, provisions, conditions, and limitations of the Program and any Award, (d) to correct any defect or to supply any omission or to reconcile any inconsistency that may appear in the Program in such manner and to such extent as the Administrator shall deem appropriate, (e) to designate the companies that will comprise the Industry Group with respect to each Performance Period that begins after January 1, 2000, as described in Article V, (f) to make determinations as to EBITDAR and EBITDAR Margin with respect to each company in the Industry Group for each Performance Period, (g) to make determinations as to the Operating Income Hurdle for each Performance Period, (h) to make determinations as to whether the Performance Targets for the various Performance Periods were satisfied, (i) to certify in writing, prior to the payment of any amount under the Program with respect to a Performance Period, whether the Performance Target relating to such Performance Period and any other material terms of the Program have in fact been satisfied, (j) to determine whether to cancel and replace Awards, and make all related determinations and valuations, under Section 6.6, and (k) to make all other determinations necessary or advisable for the administration of the Program. The Administrator may correct any defect or supply any omission or reconcile any inconsistency in the Program or in any Award or Award Notice in the manner and to the extent it shall deem expedient to carry it into effect.

3.3 Administrator Decisions Conclusive; Standard of Care. The Administrator shall, in its sole discretion exercised in good faith (which, for purposes of this Section 3.3, shall mean the application of reasonable business judgment), make all decisions and determinations and take all actions necessary in connection with the administration of the Program. All such decisions, determinations, and actions by the Administrator shall be final, binding, and conclusive upon all persons. However, in the event of any conflict in any such determination as between the Committee and the Chief Executive Officer of the Company, each acting in capacity as Administrator of the Plan, the determination of the Committee shall be conclusive. The Administrator shall not be liable for any action or determination taken or made in good faith or upon reliance in good faith on the records of the Company or

information presented to the Administrator by the Company's officers, employees, or other persons (including the Company's outside auditors) as to matters the Administrator reasonably believes are within such other person's professional or expert competence. If a Participant disagrees with any decision, determination, or action made or taken by the Administrator, then the dispute will be limited to whether the Administrator has satisfied its duty to make such decision or determination or take such action in good faith. No liability whatsoever shall attach to or be incurred by any past, present or future stockholders, officers or directors, as such, of the Company or any of its Subsidiaries, under or by reason of the Program or the administration thereof, and each Participant, in consideration of receiving benefits and participating hereunder, expressly waives and releases any and all claims relating to any such liability.

IV. PARTICIPATION AND AWARD NOTICES

4.1 Participation. Each individual who is an Eligible Employee on the first day of a Performance Period shall automatically be a Participant and receive an Award with respect to such Performance Period, unless otherwise determined by the Administrator prior to the first day of the relevant Performance Period. Each individual who becomes an Eligible Employee after the first day of a Performance Period shall become a Participant and receive an Award with respect to such Performance Period only if such individual is selected prior to the last day of such Performance Period by the Administrator in its sole discretion for participation in the Program with respect to such Performance Period.

4.2 Award Notices. The Company shall provide an Award Notice to each Eligible Employee who becomes a Participant with respect to a Performance Period within 30 days after such Eligible Employee becomes such a Participant; provided, however, that Award Notices for the Performance Periods that begin on the Effective Date shall be provided on or before March 31, 2000. Each Award Notice shall specify (a) the Performance Period to which the Award relates and (b) the potential Payout Percentages applicable to such Award based on the Participant's position as of the date of issuance of the Award Notice.

V. INDUSTRY GROUP

5.1 Initial Designation. The Industry Group shall consist of the Company, AMR Corporation, Delta Air Lines, Inc., Northwest Airlines Corporation, Trans World Airlines, Inc., UAL Corporation, and US Airways Group, Inc.; provided, however, that (a) within 90 days after the first day of each Performance Period that begins after January 1, 2000, the Committee may in its discretion add any United States certificated scheduled mainline air carrier to, or remove any such company (other than the Company) from, the Industry Group for such Performance Period and (b) the Industry Group for each Performance Period shall be subject to adjustment as provided in Section 5.2.

5.2 Adjustments to the Industry Group During a Performance Period. Except as provided in clause (a) of the proviso to Section 5.1, no company shall be added to, or removed from, the Industry Group for a Performance Period during such period; provided, however, that a company (other than the Company) shall be removed from the Industry Group for a Performance Period if (a) during such period, (i) such company ceases to maintain publicly available statements of operations prepared in accordance with GAAP, (ii) such company is not the surviving entity in any merger, consolidation, or other reorganization (or survives only as a subsidiary of an entity other than a previously wholly owned subsidiary of such company), (iii) such company sells, leases, or exchanges all or substantially all of its assets to any other person or entity (other than a previously wholly owned subsidiary of such company), or (iv) such company is dissolved and liquidated, or (b) more than 20% of such company's revenues (determined on a consolidated basis based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP) for any fiscal year of such company that ends during such Performance Period are attributable to the operation of businesses other than such company's airline business and such company does not provide publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses.

VI. AWARD PAYMENTS

6.1 Determinations and Certification by the Committee. As soon as administratively feasible after the end of each Performance Period, the Committee shall determine (a) with respect to each company comprising the Industry Group as of the last day of such Performance Period, the EBITDAR and EBITDAR Margin for such company for such Performance Period, (b) whether the Performance Target for such Performance Period and whether any other material terms relating to the payment of an Award have been satisfied, and (c) if the Performance Target for such Performance Period and any other material terms relating to the payment of an Award have been satisfied, whether the Company achieved a Number 1 Ranking, a Number 2 Ranking, or a Number 3 Ranking for such Performance Period. The Committee's determination as to whether the Performance Target for a Performance Period and any other material terms relating to the payment of an Award have been satisfied and, if so, whether the Company achieved a Number 1 Ranking, a Number 2 Ranking, or a Number 3 Ranking for such Performance Period shall be certified by the Committee in writing and delivered to the Secretary of the Company. For purposes of the preceding sentence, approved minutes of the Committee meeting in which the certification is made shall be treated as a written certification.

- 2. Eligibility for Payment of Awards.** Upon the Committee's written certification in accordance with Section 6.1 that a Performance Target for a Performance Period and any other material terms relating to the payment of an Award have been satisfied, each Participant who has received an Award with respect to such Performance Period and who has remained continuously employed by the Company from the date he or she received such Award until the last day of

such Performance Period shall be entitled to the Payment Amount applicable to such Participant's Award for such Performance Period. Except as provided in Section 6.3 and Section 6.4, if a Participant's employment with the Company terminates for any reason whatsoever prior to the last day of a Performance Period, then such Participant shall not be entitled to receive any payment under the Program with respect to his or her Award for such Performance Period, unless otherwise determined by the Administrator. Payment of the amount to which a Participant becomes entitled pursuant to this Section 6.2 shall be made by the Company within five business days after the Committee's written certification of the satisfaction of the applicable Performance Target.

6.3 Death or Disability. Except as provided in Section 6.4, if during a Performance Period with respect to which a Participant has received an Award, such Participant dies or becomes Disabled, then as to such Participant only (a) the Administrator, based on publicly available data with respect to each Performance Period that began prior to the date of such Participant's death or Disability and which has not ended as of such date, shall as promptly as practicable determine the actual EBITDAR Margin and operating income performance of the Company and its consolidated subsidiaries through the most recent practicable date, and shall determine, based on such data and publicly available data with respect to the companies contained in the Industry Group (and, if deemed appropriate by the Administrator, annualizing or otherwise making assumptions with respect to any relevant data), whether the Company has achieved the Performance Target through such most recent practicable date, and if so whether the Company has achieved a Number 1 Ranking, Number 2 Ranking or Number 3 Ranking through such most recent practicable date, and (b) the provisions of Sections 6.1 and 6.2 shall cease to apply with respect to each such Performance Period. With respect to each such Performance Period that the Performance Target has been satisfied in the manner described in clause (a) of the preceding sentence, such Participant (or, in the case of death, such Participant's estate) shall (i) receive a payment from the Company, within five business days after the determination by the Administrator referred to in clause (a) of the foregoing sentence, equal to the Payment Amount applicable to such Participant's Award for such Performance Period multiplied by a fraction, the numerator of which is the number of days during the period beginning on the first day of such Performance Period and ending on the date such Participant died or became Disabled, and the denominator of which is the number of days in the entire Performance Period, and (ii) not be entitled to any additional payment under the Program with respect to such Performance Period.

6.4 Change in Control. Upon the occurrence of a Change in Control, (a) the Performance Target for each Performance Period that began prior to the date of such Change in Control and which has not ended as of such date shall be deemed to have been satisfied, (b) the Company shall be deemed to have achieved a Number 1 Ranking for each such Performance Period, and (c) the provisions of Sections 6.1, 6.2 and 6.3 shall cease to apply with respect to each such Performance Period. If a Change in Control occurs and thereafter (or in connection therewith or in contemplation thereof) during a Performance Period described in the preceding sentence a Participant who has received an Award with respect to such Performance Period dies, becomes Disabled or suffers a Qualifying Event, then, with respect to each such Performance Period, such Participant (or, in the case of death, such Participant's estate) shall (i) upon the occurrence of the death, Disability or Qualifying Event, receive a payment from the Company equal to the Payment Amount applicable to such Participant's Award for such Performance Period multiplied by a fraction, the numerator of which is the number of days during the period beginning on the first day of such Performance Period and ending on the date such Participant died, became Disabled or suffered the Qualifying Event, and the denominator of which is the number of days in the entire Performance Period, and (ii) not be entitled to any additional payment under the Program with respect to such Performance Period. If a Change in Control occurs and a Participant who has received an Award with respect to a Performance Period described in the first sentence of this Section 6.4 did not die, become Disabled or suffer a Qualifying Event during such Performance Period as described in the preceding sentence and such Participant remained continuously employed by the Company from the date he or she received such Award until the last day of such Performance Period, then, with respect to each such Performance Period, such Participant shall receive a payment from the Company on the last day of such Performance Period in an amount equal to the Payment Amount applicable to such Participant's Award for such Performance Period.

6.5 Form of Payment of Awards. All payments to be made under the Program to a Participant with respect to an Award shall be paid in a single lump sum payment (unless otherwise specified in an Award Notice), which payment shall be in cash, unless in the sole discretion of the Committee such payment is made either (a) in shares of Company Stock (subject to any limitations contained in the Incentive Plan 2000), but if and only if at the time of payment the Company has an effective registration statement under the Securities Act of 1933, as amended, covering the issuance of Company Stock under the Program, or (b) in a combination of cash and/or shares of Company Stock. If the Committee elects to direct the Company to pay all or a portion of a payment due under the Program in shares of Company Stock, then the number of shares of Company Stock shall be determined by dividing the amount of such payment to be paid in shares of Company Stock by the Market Value per Share on the Trading Day immediately preceding the date of such payment, and rounding such number down to the nearest whole share.

6.6 Cancellation and Replacement of Awards by the Committee. The Committee may at any time prior to the last day of a Performance Period (other than after, or in contemplation of, a Change in Control, or as to any Award, after the death or Disability of the Participant), in its sole discretion, with or without cause, for any reason that in the opinion of the Committee is in the best interests of the Company, direct the Company to cancel all or any portion of a Participant's Award for such Performance Period, and simultaneously replace such Award (or portion thereof) so cancelled with Stock Options. In determining whether the decision to cancel all or a portion of a Participant's Award is in the best interests of the Company, the Committee shall make its determination in good faith (which, for this purpose, shall mean that the Committee shall exercise reasonable business judgment). This contractual duty to make such decision in good faith is in lieu of, and subsumes, any and all other express or implied duties, in contract, tort, or otherwise, that might otherwise be imposed upon the Committee or the Company with respect to such decision. A decision by the Committee to cause such a cancellation may vary among Participants and may vary among the Awards held by an individual Participant. To effect such a cancellation, the Committee shall cause the Company to deliver to the Participant a written notice (the "Cancellation Notice") specifying the Participant's Award (or portion thereof) to be cancelled, accompanied by a grant document for the Stock Options replacing the cancelled Award (or portion thereof). Upon delivery of the Cancellation Notice accompanied by

such grant document for the Stock Options replacing the cancelled Award (or portion thereof), the Award (or portion thereof) that is to be cancelled as specified in such notice shall be canceled. Any portion of such Award not so cancelled shall remain outstanding. The Stock Options to be granted to a Participant upon cancellation of all or any portion of such Participant's Award shall have a Black-Scholes value (determined by the Committee in good faith and using assumptions consistent with those used by the Company in calculating Black-Scholes values for proxy statement purposes) at least as great as the value of the Award (or portion thereof) being cancelled, with the value of an Award (or portion thereof) being cancelled to be equal to the payment a Participant who satisfied all conditions to payment would have received with respect thereto (based on the Participant's position and Base Amount in effect on the date of cancellation of such Participant's Award) if the Company had satisfied the Performance Target and achieved a Number 2 Ranking during the relevant Performance Period.

VII. STOCKHOLDER APPROVAL, TERMINATION, AND AMENDMENT OF PROGRAM

7.1 Stockholder Approval. The Program shall be effective as of the Effective Date; provided that the Incentive Plan 2000 is approved by the Company's stockholders in the manner required under section 162(m) of the Code at the Company's 2000 annual meeting of stockholders. Notwithstanding any provision herein to the contrary, no payment under the Program shall be made to or on behalf of any Participant unless the Incentive Plan 2000 is so approved by the Company's stockholders. If the Company's stockholders do not so approve the Incentive Plan 2000, then (a) all Awards under the Program shall be void *ab initio* and of no further effect and (b) the Program shall terminate.

7.2 Termination and Amendment. The Committee may amend the Program at any time and from time to time, and the Committee may at any time terminate the Program (in its entirety or as it applies to one or more specified Subsidiaries) with respect to Performance Periods that have not commenced as of the date of such Committee action; provided, however, that the Program may not be amended in a manner that would impair the rights of any Participant with respect to any outstanding Award without the consent of such Participant, or without the further approval of the stockholders of the Company if such amendment would result in the Program no longer satisfying the requirements of section 162(m) of the Code, and this Program may not be amended or terminated in contemplation of or in connection with a Change in Control, nor may any Participant's participation herein be terminated in contemplation of or in connection with a Change in Control, unless adequate and effective provision for the making of all payments otherwise payable (based on Participants' Base Amounts as in effect immediately prior to such Change in Control) pursuant to Section 6.4 of this Program (as in effect on the date of stockholder approval described in Section 7.1) with respect to such Change in Control shall be made in connection with any such amendment or termination. The Committee shall remain in existence after the termination of the Program for the period determined necessary by the Committee to facilitate the termination of the Program, and all provisions of the Program that are necessary, in the opinion of the Committee, for equitable operation of the Program during such period shall remain in force.

VIII. MISCELLANEOUS PROVISIONS

8.1 No Effect on Employment Relationship. For all purposes of the Program, a Participant shall be considered to be in the employment of the Company as long as he or she remains employed on a full-time basis by the Company or any Subsidiary. Nothing in the adoption of the Program, the grant of Awards, or the payment of amounts under the Program shall confer on any person the right to continued employment by the Company or any Subsidiary or affect in any way the right of the Company (or a Subsidiary, if applicable) to terminate such employment at any time. Unless otherwise provided in a written employment agreement, the employment of each Participant shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Participant or the Participant's employer for any reason whatsoever, with or without cause. Any question as to whether and when there has been a termination of a Participant's employment for purposes of the Program, and the reason for such termination, shall be determined solely by and in the discretion of the Administrator, and its determination shall be final, binding, and conclusive on all parties.

8.2 Prohibition Against Assignment or Encumbrance. No Award or other right, title, interest, or benefit hereunder shall ever be assignable or transferable, or liable for, or charged with any of the torts or obligations of a Participant or any person claiming under a Participant, or be subject to seizure by any creditor of a Participant or any person claiming under a Participant. No Participant or any person claiming under a Participant shall have the power to anticipate or dispose of any Award or other right, title, interest, or benefit hereunder in any manner until the same shall have actually been distributed free and clear of the terms of the Program. Payments with respect to an Award shall be payable only to the Participant (or (a) in the event of a Disability that renders such Participant incapable of conducting his or her own affairs, any payment due under the Program to such Participant shall be made to his or her duly appointed legal representative and (b) in the event of the death of a Participant, any payment due under the Program to such Participant shall be made to his or her estate). The provisions of the Program shall be binding on all successors and permitted assigns of a Participant, including without limitation the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

8.3 Unfunded, Unsecured Program. The Program shall constitute an unfunded, unsecured obligation of the Company to make payments of incentive compensation to certain individuals from its general assets in accordance with the Program. Each Award granted under the Program merely constitutes a mechanism for measuring such incentive compensation and does not constitute a property right or interest in the Company, any Subsidiary, or any of their assets. Neither the establishment of the Program, the granting of Awards, nor any other action taken in connection with the Program shall be deemed to create an escrow or trust fund of any kind.

8.4 No Rights of Participant. No Participant shall have any security or other interest in any assets of the Company or any Subsidiary or in Company Stock as a result of participation in the Program. Participants and all persons claiming under Participants shall rely solely on the unsecured promise of the Company set forth herein, and nothing in the Program, an Award or an Award Notice shall be construed to give a Participant or anyone claiming under a Participant any right, title, interest, or claim in or to any specific asset, fund, entity, reserve, account, or property of any kind whatsoever owned by the Company or any Subsidiary or in which the Company or any Subsidiary may have an interest now or in the future; but each Participant shall have the right to enforce any claim hereunder in the same manner as a general creditor. Neither the establishment of the Program nor participation hereunder shall create any right in any Participant to make a ny decision, or provide input with respect to any decision, relating to the business of the Company or any Subsidiary.

8.5 Tax Withholding. The Company and the Subsidiaries shall deduct and withhold, or cause to be withheld, from a Participant's payment, including the delivery of shares, made under the Program, or from any other payment to such Participant, an amount necessary to satisfy any and all tax withholding obligations arising under applicable local, state, federal, or foreign laws associated with such payment. The Company and the Subsidiaries may take any other action as may in their opinion be necessary to satisfy all obligations for the payment and withholding of such taxes.

8.6 No Effect on Other Compensation Arrangements. Nothing contained in the Program or any Participant's Award or Award Notice shall prevent the Company or any Subsidiary from adopting or continuing in effect other or additional compensation arrangements affecting any Participant. Nothing in the Program shall be construed to affect the provisions of any other compensation plan or program maintained by the Company or any Subsidiary.

8.7 Subsidiaries. The Company may require any Subsidiary employing a Participant to assume and guarantee the Company's obligations hereunder to such Participant, either at all times or solely in the event that such Subsidiary ceases to be a Subsidiary.

8.8 Governing Law. The Program shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the undersigned officer of the Company acting pursuant to authority granted to him by the Committee has executed this instrument effective as of April 9, 2002.

CONTINENTAL AIRLINES, INC.

By:

Jeffery A. Smisek

Executive Vice President

RESTRICTED STOCK AGREEMENT
(PURSUANT TO THE TERMS OF THE
CONTINENTAL AIRLINES, INC.
1997 STOCK INCENTIVE PLAN)

This RESTRICTED STOCK AGREEMENT (this "Restricted Stock Agreement") is between Continental Airlines, Inc., a Delaware corporation ("Company"), and _____ ("Recipient"), and is dated as of the date set forth immediately above the signatures below.

1. **Grant of Restricted Stock.** The Company hereby grants to Recipient all rights, title and interest in the record and beneficial ownership of _____ (###,###) shares (the "Restricted Stock") of Class B common stock, \$.01 par value per share, of Company ("Common Stock") subject to the conditions described in Paragraphs 4 and 5 as well as the other provisions of this Restricted Stock Agreement. The Restricted Stock is granted pursuant to and to implement in part the Continental Airlines, Inc. 1997 Stock Incentive Plan (as amended and in effect from time to time, the "Plan") and is subject to the provisions of the Plan, which is hereby incorporated herein and is made a part hereof, as well as the provisions of this Restricted Stock Agreement. Recipient agrees to be bound by all of the terms, provisions, conditions and limitations of the Plan and this Restricted Stock Agreement. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided. All references to specified paragraphs pertain to paragraphs of this Restricted Stock Agreement unless otherwise specifically provided.
2. **Custody of Restricted Stock.** Upon satisfaction of the vesting conditions set forth in Paragraph 4 or the occurrence of any of the events contemplated by Paragraph 5(b) or 5(c), Company shall issue and deliver to Recipient a certificate or certificates for such number of shares of Restricted Stock as are required to be issued and delivered under this Restricted Stock Agreement. Prior to the satisfaction of such vesting conditions or the occurrence of such events, the Restricted Stock is not transferable and shall be held in trust or in escrow pursuant to an agreement satisfactory to the Administrator until such time as the applicable restrictions on the transfer thereof have expired or otherwise lapsed.
3. **Risk of Forfeiture.** Subject to Paragraphs 5(b) and 5(c), should Recipient's employment (defined below) with Company and each subsidiary (as the term "subsidiary" is defined in the Plan) terminate prior to any of the vesting dates set forth in Paragraph 4, Recipient shall forfeit the right to receive the Restricted Stock that would otherwise have vested on such dates.
4. **Vesting Dates.** Subject to Paragraph 5, the shares of Restricted Stock subject to this Restricted Stock Agreement shall vest in _____ percent (____%) increments on each of _____.
5. **Termination of Employment; Change in Control.** Voluntary or involuntary termination of employment, retirement, death or Disability of Recipient, or occurrence of a Change in Control, shall affect Recipient's rights under this Restricted Stock Agreement as follows:
 - a. **Voluntary or Involuntary Termination.** If, other than as specified below, Recipient voluntarily terminates employment (defined below) or if Recipient's employment is terminated involuntarily, then Recipient shall forfeit the right to receive all shares of Restricted Stock that have not theretofore vested pursuant to Paragraph 4.
 - b. **Change in Control.** If a Change in Control shall occur, then immediately all nonvested Restricted Stock shall fully vest, all restrictions (other than those described in Paragraph 9) applicable to such Restricted Stock shall terminate and Company shall release from escrow or trust and shall issue and deliver to Recipient a certificate or certificates for all shares of Restricted Stock.
 - c. **Retirement, Death or Disability.** If Recipient's employment is terminated by retirement, death or Disability, then immediately all nonvested Restricted Stock shall fully vest, all restrictions (other than described in Paragraph 9) applicable to Restricted Stock shall terminate and Company shall release from escrow or trust and shall issue and deliver to Recipient, or in the case of death, to the person or persons to whom Recipient's rights under this Restricted Stock Agreement shall pass by will or by the applicable laws of descent and distribution, or in the case of Disability, to Recipient's personal representative, a certificate or certificates for all Restricted Stock.
 - d. **Definition of Employment.** For purposes of this Restricted Stock Agreement, "employment" means employment by Company or a subsidiary. In this regard, neither the transfer of Recipient from employment by Company to employment by a subsidiary nor the transfer of

Recipient from employment by a subsidiary to employment by Company shall be deemed to be a termination of employment of Recipient. Moreover, the employment of Recipient shall not be deemed to have been terminated because of absence from active employment on account of temporary illness or during authorized vacation or during temporary leaves of absence from active employment granted by Company or a subsidiary for reasons of professional advancement, education, health, or government service, or during military leave for any period if Recipient returns to active employment within 90 days after the termination of military leave, or during any period required to be treated as a leave of absence by virtue of any valid law or agreement. The Administrator's determination in good faith regarding whether a termination of employment of any type or Disability has occurred shall be conclusive and determinative.

6. **Ownership Rights.** Subject to the restrictions set forth herein and subject to Paragraph 8, Recipient is entitled to all voting and ownership rights applicable to the Restricted Stock, including the right to receive any dividends that may be paid on Restricted Stock, whether or not vested.

7. **Reorganization of Company and Subsidiaries.** The existence of this Restricted Stock Agreement shall not affect in any way the right or power of Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in Company's capital structure or its business, or any merger or consolidation of Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Restricted Stock or the rights thereof, or the dissolution or liquidation of Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

8. **Adjustment of Shares.** In the event of stock dividends, spin-offs of assets or other extraordinary dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, reorganizations, liquidations, issuances of rights or warrants and similar transactions or events involving Company ("Recapitalization Events"), then for all purposes references herein to Common Stock or to Restricted Stock shall mean and include all securities or other property (other than cash) that holders of Common Stock of Company are entitled to receive in respect of Common Stock by reason of each successive Recapitalization Event, which securities or other property (other than cash) shall be treated in the same manner and shall be subject to the same restrictions as the underlying Restricted Stock.

9. **Certain Restrictions.** By accepting the Restricted Stock, Recipient agrees that if at the time of delivery of certificates for shares of Restricted Stock issued hereunder any sale of such shares is not covered by an effective registration statement filed under the Securities Act of 1933 (the "Act"), Recipient will acquire the Restricted Stock for Recipient's own account and without a view to resale or distribution in violation of the Act or any other securities law, and upon any such acquisition Recipient will enter into such written representations, warranties and agreements as Company may reasonably request in order to comply with the Act or any other securities law or with this Restricted Stock Agreement.

10. **Nontransferability of Award.** This Award is not transferable other than by will, the laws of descent and distribution or by qualified domestic relations order. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of Recipient.

11. **Amendment and Termination.** No amendment or termination of this Restricted Stock Agreement which would impair the rights of Recipient shall be made by the Board or the Administrator at any time without the written consent of Recipient. No amendment or termination of the Plan will adversely affect the right, title and interest of Recipient under this Restricted Stock Agreement or to Restricted Stock granted hereunder without the written consent of Recipient.

12. **No Guarantee of Employment.** This Restricted Stock Agreement shall not confer upon Recipient any right with respect to continuance of employment or other service with Company or any subsidiary, nor shall it interfere in any way with any right Company or any subsidiary would otherwise have to terminate such Recipient's employment or other service at any time.

13. **Withholding of Taxes.** Company shall have the right to (i) make deductions from the number of shares of Restricted Stock otherwise deliverable upon satisfaction of the conditions precedent under this Restricted Stock Agreement (and other amounts payable under this Restricted Stock Agreement) in an amount sufficient to satisfy withholding of any federal, state or local taxes required by law, or (ii) take such other action as may be necessary or appropriate to satisfy any such tax withholding obligations.

14. **No Guarantee of Tax Consequences.** Neither Company nor any subsidiary nor the Administrator makes any commitment or guarantee that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Restricted Stock Agreement.

15. **Severability.** In the event that any provision of this Restricted Stock Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Restricted Stock Agreement and this Restricted Stock Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

16. **Governing Law.** The Restricted Stock Agreement shall be construed in accordance with the laws of the State of Texas to the extent federal law does not supersede and preempt Texas law.

17. Miscellaneous Provisions.

(a) Not a Contract of Employment; No Acquired Rights. The adoption and maintenance of the Plan shall not be deemed to be a contract of employment between the Company or any of its subsidiaries and any person. Receipt of an Award under the Plan at any given time shall not be deemed to create the right to receive in the future an Award under the Plan, or any other incentive awards granted to an employee of the Company or any of its subsidiaries, and shall not constitute an acquired labor right for purposes of any foreign law. The Plan shall not afford any recipient of an Award any additional right to severance payments or other termination awards or compensation under any foreign law as a result of the termination of such recipient's employment for any reason whatsoever.

(b) Not a Part of Salary. The grant of an Award under the Plan is not intended to be a part of the salary of Recipient.

(c) Foreign Indemnity. Recipient agrees to indemnify Company for the Recipient's portion of any social insurance obligations or taxes arising under any foreign law with respect to the grant of this Restricted Stock Award, the vesting of the Restricted Stock or the sale or other disposition of the Restricted Stock.

(d) Conflicts With Any Employment Agreement. If Recipient has an employment agreement with Company or any of its subsidiaries which contains different or additional provisions relating to vesting of restricted stock awards, or otherwise conflicts with the terms of this Restricted Stock Agreement, the provisions of the employment agreement shall govern.

(e) Electronic Delivery and Signatures. Recipient hereby consents and agrees to electronic delivery of any Plan documents, proxy materials, annual reports and other related documents. If the Company establishes procedures for an electronic signature system for delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan), Recipient hereby consents to such procedures and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. Recipient consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan, including any program adopted under the Plan.

(f) Stabilization Act. This Restricted Stock Agreement will be void (or the grant of Restricted Stock hereunder shall be subject to reduction in any amount, in each case as determined by the Committee in its sole discretion) if the Company applies for a federal credit instrument under the Air Transportation Safety and System Stabilization Act and the Committee determines that this Agreement or such grant of Restricted Stock could reasonably be expected to jeopardize the Company's ability to obtain or maintain federal credit instruments under the Air Transportation Safety and System Stabilization Act, as amended from time to time, and applicable rules and regulations thereunder.

IN WITNESS WHEREOF, the parties have entered into this Restricted Stock Agreement as of the ____ day of _____, _____.

"COMPANY"

CONTINENTAL AIRLINES, INC.

By Order of the Administrator

By:

Name:

Title:

"Recipient"

Name:

RESTRICTED STOCK AGREEMENT
(PURSUANT TO THE TERMS OF THE
CONTINENTAL AIRLINES, INC.
1998 STOCK INCENTIVE PLAN)

This RESTRICTED STOCK AGREEMENT (this "Restricted Stock Agreement") is between Continental Airlines, Inc., a Delaware corporation ("Company"), and _____ ("Recipient"), and is dated as of the date set forth immediately above the signatures below.

1. **Grant of Restricted Stock.** The Company hereby grants to Recipient all rights, title and interest in the record and beneficial ownership of _____ (###,###) shares (the "Restricted Stock") of Class B common stock, \$.01 par value per share, of Company ("Common Stock") subject to the conditions described in Paragraphs 4 and 5 as well as the other provisions of this Restricted Stock Agreement. The Restricted Stock is granted pursuant to and to implement in part the Continental Airlines, Inc. 1998 Stock Incentive Plan (as amended and in effect from time to time, the "Plan") and is subject to the provisions of the Plan, which is hereby incorporated herein and is made a part hereof, as well as the provisions of this Restricted Stock Agreement. Recipient agrees to be bound by all of the terms, provisions, conditions and limitations of the Plan and this Restricted Stock Agreement. All capitalized terms have the meanings set forth in the Plan unless otherwise specifically provided. All references to specified paragraphs pertain to paragraphs of this Restricted Stock Agreement unless otherwise specifically provided.
2. **Custody of Restricted Stock.** Upon satisfaction of the vesting conditions set forth in Paragraph 4 or the occurrence of any of the events contemplated by Paragraph 5(b) or 5(c), Company shall issue and deliver to Recipient a certificate or certificates for such number of shares of Restricted Stock as are required to be issued and delivered under this Restricted Stock Agreement. Prior to the satisfaction of such vesting conditions or the occurrence of such events, the Restricted Stock is not transferable and shall be held in trust or in escrow pursuant to an agreement satisfactory to the Administrator until such time as the applicable restrictions on the transfer thereof have expired or otherwise lapsed.
3. **Risk of Forfeiture.** Subject to Paragraphs 5(b) and 5(c), should Recipient's employment (defined below) with Company and each subsidiary (as the term "subsidiary" is defined in the Plan) terminate prior to any of the vesting dates set forth in Paragraph 4, Recipient shall forfeit the right to receive the Restricted Stock that would otherwise have vested on such dates.
4. **Vesting Dates.** Subject to Paragraph 5, the shares of Restricted Stock subject to this Restricted Stock Agreement shall vest in _____ percent (____%) increments on each of _____.
5. **Termination of Employment; Change in Control.** Voluntary or involuntary termination of employment, retirement, death or Disability of Recipient, or occurrence of a Change in Control, shall affect Recipient's rights under this Restricted Stock Agreement as follows:
 - a. **Voluntary or Involuntary Termination.** If, other than as specified below, Recipient voluntarily terminates employment (defined below) or if Recipient's employment is terminated involuntarily, then Recipient shall forfeit the right to receive all shares of Restricted Stock that have not theretofore vested pursuant to Paragraph 4.
 - b. **Change in Control.** If a Change in Control shall occur, then immediately all nonvested Restricted Stock shall fully vest, all restrictions (other than those described in Paragraph 9) applicable to such Restricted Stock shall terminate and Company shall release from escrow or trust and shall issue and deliver to Recipient a certificate or certificates for all shares of Restricted Stock.
 - c. **Retirement, Death or Disability.** If Recipient's employment is terminated by retirement, death or Disability, then immediately all nonvested Restricted Stock shall fully vest, all restrictions (other than described in Paragraph 9) applicable to Restricted Stock shall terminate and Company shall release from escrow or trust and shall issue and deliver to Recipient, or in the case of death, to the person or persons to whom Recipient's rights under this Restricted Stock Agreement shall pass by will or by the applicable laws of descent and distribution, or in the case of Disability, to Recipient's personal representative, a certificate or certificates for all Restricted Stock.
 - d. **Definition of Employment.** For purposes of this Restricted Stock Agreement, "employment" means employment by Company or a subsidiary. In this regard, neither the transfer of Recipient from employment by Company to employment by a subsidiary nor the transfer of

Recipient from employment by a subsidiary to employment by Company shall be deemed to be a termination of employment of Recipient. Moreover, the employment of Recipient shall not be deemed to have been terminated because of absence from active employment on account of temporary illness or during authorized vacation or during temporary leaves of absence from active employment granted by Company or a subsidiary for reasons of professional advancement, education, health, or government service, or during military leave for any period if Recipient returns to active employment within 90 days after the termination of military leave, or during any period required to be treated as a leave of absence by virtue of any valid law or agreement. The Administrator's determination in good faith regarding whether a termination of employment of any type or Disability has occurred shall be conclusive and determinative.

6. **Ownership Rights.** Subject to the restrictions set forth herein and subject to Paragraph 8, Recipient is entitled to all voting and ownership rights applicable to the Restricted Stock, including the right to receive any dividends that may be paid on Restricted Stock, whether or not vested.

7. **Reorganization of Company and Subsidiaries.** The existence of this Restricted Stock Agreement shall not affect in any way the right or power of Company or its stockholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in Company's capital structure or its business, or any merger or consolidation of Company or any issue of bonds, debentures, preferred or prior preference stock ahead of or affecting the Restricted Stock or the rights thereof, or the dissolution or liquidation of Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

8. **Adjustment of Shares.** In the event of stock dividends, spin-offs of assets or other extraordinary dividends, stock splits, combinations of shares, recapitalizations, mergers, consolidations, reorganizations, liquidations, issuances of rights or warrants and similar transactions or events involving Company ("Recapitalization Events"), then for all purposes references herein to Common Stock or to Restricted Stock shall mean and include all securities or other property (other than cash) that holders of Common Stock of Company are entitled to receive in respect of Common Stock by reason of each successive Recapitalization Event, which securities or other property (other than cash) shall be treated in the same manner and shall be subject to the same restrictions as the underlying Restricted Stock.

9. **Certain Restrictions.** By accepting the Restricted Stock, Recipient agrees that if at the time of delivery of certificates for shares of Restricted Stock issued hereunder any sale of such shares is not covered by an effective registration statement filed under the Securities Act of 1933 (the "Act"), Recipient will acquire the Restricted Stock for Recipient's own account and without a view to resale or distribution in violation of the Act or any other securities law, and upon any such acquisition Recipient will enter into such written representations, warranties and agreements as Company may reasonably request in order to comply with the Act or any other securities law or with this Restricted Stock Agreement.

10. **Nontransferability of Award.** This Award is not transferable other than by will, the laws of descent and distribution or by qualified domestic relations order. No right or benefit hereunder shall in any manner be liable for or subject to any debts, contracts, liabilities, or torts of Recipient.

11. **Amendment and Termination.** No amendment or termination of this Restricted Stock Agreement which would impair the rights of Recipient shall be made by the Board or the Administrator at any time without the written consent of Recipient. No amendment or termination of the Plan will adversely affect the right, title and interest of Recipient under this Restricted Stock Agreement or to Restricted Stock granted hereunder without the written consent of Recipient.

12. **No Guarantee of Employment.** This Restricted Stock Agreement shall not confer upon Recipient any right with respect to continuance of employment or other service with Company or any subsidiary, nor shall it interfere in any way with any right Company or any subsidiary would otherwise have to terminate such Recipient's employment or other service at any time.

13. **Withholding of Taxes.** Company shall have the right to (i) make deductions from the number of shares of Restricted Stock otherwise deliverable upon satisfaction of the conditions precedent under this Restricted Stock Agreement (and other amounts payable under this Restricted Stock Agreement) in an amount sufficient to satisfy withholding of any federal, state or local taxes required by law, or (ii) take such other action as may be necessary or appropriate to satisfy any such tax withholding obligations.

14. **No Guarantee of Tax Consequences.** Neither Company nor any subsidiary nor the Administrator makes any commitment or guarantee that any federal or state tax treatment will apply or be available to any person eligible for benefits under this Restricted Stock Agreement.

15. **Severability.** In the event that any provision of this Restricted Stock Agreement shall be held illegal, invalid, or unenforceable for any reason, such provision shall be fully severable, but shall not affect the remaining provisions of this Restricted Stock Agreement and this Restricted Stock Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never been included herein.

16. **Governing Law.** The Restricted Stock Agreement shall be construed in accordance with the laws of the State of Texas to the extent federal law does not supersede and preempt Texas law.

17. Miscellaneous Provisions.

(a) Not a Contract of Employment; No Acquired Rights. The adoption and maintenance of the Plan shall not be deemed to be a contract of employment between the Company or any of its subsidiaries and any person. Receipt of an Award under the Plan at any given time shall not be deemed to create the right to receive in the future an Award under the Plan, or any other incentive awards granted to an employee of the Company or any of its subsidiaries, and shall not constitute an acquired labor right for purposes of any foreign law. The Plan shall not afford any recipient of an Award any additional right to severance payments or other termination awards or compensation under any foreign law as a result of the termination of such recipient's employment for any reason whatsoever.

(b) Not a Part of Salary. The grant of an Award under the Plan is not intended to be a part of the salary of Recipient.

(c) Foreign Indemnity. Recipient agrees to indemnify Company for the Recipient's portion of any social insurance obligations or taxes arising under any foreign law with respect to the grant of this Restricted Stock Award, the vesting of the Restricted Stock or the sale or other disposition of the Restricted Stock.

(d) Conflicts With Any Employment Agreement. If Recipient has an employment agreement with Company or any of its subsidiaries which contains different or additional provisions relating to vesting of restricted stock awards, or otherwise conflicts with the terms of this Restricted Stock Agreement, the provisions of the employment agreement shall govern.

(e) Electronic Delivery and Signatures. Recipient hereby consents and agrees to electronic delivery of any Plan documents, proxy materials, annual reports and other related documents. If the Company establishes procedures for an electronic signature system for delivery and acceptance of Plan documents (including documents relating to any programs adopted under the Plan), Recipient hereby consents to such procedures and agrees that his or her electronic signature is the same as, and shall have the same force and effect as, his or her manual signature. Recipient consents and agrees that any such procedures and delivery may be effected by a third party engaged by the Company to provide administrative services related to the Plan, including any program adopted under the Plan.

(f) Stabilization Act. This Restricted Stock Agreement will be void (or the grant of Restricted Stock hereunder shall be subject to reduction in any amount, in each case as determined by the Committee in its sole discretion) if the Company applies for a federal credit instrument under the Air Transportation Safety and System Stabilization Act and the Committee determines that this Agreement or such grant of Restricted Stock could reasonably be expected to jeopardize the Company's ability to obtain or maintain federal credit instruments under the Air Transportation Safety and System Stabilization Act, as amended from time to time, and applicable rules and regulations thereunder.

IN WITNESS WHEREOF, the parties have entered into this Restricted Stock Agreement as of the ___ day of _____, _____.

"COMPANY"

CONTINENTAL AIRLINES, INC.

By Order of the Administrator

By:

Name:

Title:

"Recipient"

Name:

AMENDED AND RESTATED
CAPACITY PURCHASE AGREEMENT
AMONG
CONTINENTAL AIRLINES, INC.,
EXPRESSJET HOLDINGS, INC.,
XJT HOLDINGS, INC.
AND
EXPRESSJET AIRLINES, INC.

DATED AS OF APRIL 17, 2002

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AMENDED AND RESTATED

CAPACITY PURCHASE AGREEMENT

This Amended and Restated Capacity Purchase Agreement (this "Agreement"), dated as of April 17, 2002, is among Continental Airlines, Inc., a Delaware corporation ("Continental"), ExpressJet Holdings, Inc., a Delaware corporation ("Holdings"), XJT Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of Holdings ("XJT"), and ExpressJet Airlines, Inc., a Delaware corporation and a subsidiary of XJT ("ExpressJet" and, collectively with Holdings and XJT, "Contractor").

WHEREAS, Continental, Holdings and XJT (formerly ExpressJet Airlines, Inc.) entered into that certain Capacity Purchase Agreement, dated as of January 1, 2001 (the "Original Capacity Purchase Agreement");

WHEREAS, Continental, Holdings and XJT made certain amendments to the Original Capacity Purchase Agreement effective as of January 1, 2002;

WHEREAS, XJT assigned its interests herein to ExpressJet (formerly New ExpressJet Airlines, Inc.) effective as of the date hereof, with the consent of Holdings and Continental; and

WHEREAS, as a condition to the consent of Continental to the assignment to ExpressJet referenced above, XJT has agreed to become a party to this Agreement with such rights and obligations as are set forth more fully below, and the other parties hereto desire XJT to become a party hereto with such rights and obligations;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and obligations hereinafter contained, the parties agree to amend the Original Capacity Agreement to reflect the assignment of XJT's interests herein to ExpressJet, the addition of XJT hereto with certain rights and obligations, and certain other amendments relating thereto, and to restate it in its entirety, as so amended and to reflect the amendments effective as of January 1, 2002, as follows:

ARTICLE I

DEFINITIONS

Capitalized terms used in this Agreement (including, unless otherwise defined therein, in the Schedules, Appendices and Exhibits to this Agreement) shall have the meanings set forth in Exhibit A hereto.

ARTICLE II

CAPACITY PURCHASE, SCHEDULES AND FARES

Agreement, Contractor shall provide all of the capacity of the Covered Aircraft solely to Continental and use the Covered Aircraft solely to operate the Scheduled Flights.

(a) Fares, Rules and Seat Inventory. Continental

shall establish and publish all fares and related tariff rules for all seats on the Covered Aircraft. Contractor shall not publish any fares, tariffs, or related information for the Covered Aircraft. In addition, Continental shall have complete control over all seat inventory and inventory and revenue management decisions for the Covered Aircraft, including overbooking levels, discount seat levels and allocation of seats among various fare buckets.

(b) Flight Schedules. Continental shall, in its sole

discretion, establish and publish all schedules for the Covered Aircraft, including determining the city-pairs served, frequencies, utilization and timing of scheduled arrivals and departures and charter flights; provided that such schedules shall be subject to Reasonable Operating Constraints. Contractor and Continental shall meet monthly (but not later than the fourth Friday of each calendar month) to review the planned flight schedules for the Covered Aircraft for each of the next 12 months. At such meeting, Continental shall present a planned flight schedule for the Covered Aircraft for each of the next 12 months, including a proposed Final Monthly Schedule for the next calendar month. At such meeting, Continental shall review and consider any changes to the planned flight schedule for the Covered Aircraft, including the proposed Final Monthly Schedule, suggested by Contractor. Following such monthly meeting, Continental shall make such adjustments to the proposed Final Monthly Schedule as it deems appropriate (subject to Reasonable Operating Constraints), and, not later than three Business Days prior to the beginning of each calendar month, will deliver to Contractor the Final Monthly Schedule.

Section 2.02 Withdrawal of Regional Jet Aircraft from this Agreement. Continental shall be entitled to withdraw jet Covered Aircraft from the capacity purchase provisions of this Agreement, in accordance with and subject to the limitations, terms and conditions contained in this Section 2.02, which limitations, terms and conditions shall be applicable only to jet aircraft. Subject to the limitations contained below, Continental shall have complete discretion to select the particular Covered Aircraft and Engines to be withdrawn pursuant to this Section 2.02.

(a) Continental Notice of and Limitations on Regional

Jet Reduction. At any time and from time to time after July 1, 2003, Continental may give not more than 18 months and not less than 12 months notice of the withdrawal of Covered Aircraft from the capacity purchase provisions of this Agreement, which notice shall specify an Effective Date and the number and type of Covered Aircraft to be withdrawn, and shall include an Early Withdrawal Schedule for the withdrawal of such aircraft that delineates the number of each aircraft type to be withdrawn by month. The number of Covered Aircraft to be withdrawn pursuant to this Section 2.02 shall be subject to the following numerical limitations:

(i) Continental shall not be entitled to provide in any notice delivered pursuant to Section 2.02(a) for the withdrawal of any number of Covered Aircraft greater than the excess of (i) 25% (rounded to the nearest whole number) of the sum of the number of Delivered Covered Aircraft as of the Effective Date set forth in such notice, plus the number of Delivered Covered Aircraft that have been withdrawn from the capacity purchase provisions of this Agreement at any time before such Effective Date in connection with a Labor Strike pursuant to Section 9.05(c) and the number withdrawn for any other reason within the three-year period immediately preceding such Effective Date, over (ii) the number of Delivered Covered Aircraft that have been withdrawn pursuant to this Section 2.02 within the three-year period immediately preceding such Effective Date; provided that the foregoing limitations shall not limit Continental's right to withdraw any Undelivered Covered Aircraft.

(ii) Continental shall not be entitled to withdraw a Covered Aircraft pursuant to this Section 2.02 if, after such withdrawal, there would be fewer than 25 Covered Aircraft remaining.

(iii) The Early Withdrawal Schedule may not provide for the withdrawal of more than 15 Delivered Covered Aircraft per month, and may not provide for the withdrawal of any Delivered Covered Aircraft more than 36 months after the Effective Date; provided that Continental may provide for the immediate withdrawal of any aircraft that are Undelivered Covered Aircraft on the applicable Effective Date.

(b) Contractor's Right to Retain Regional Jets.

Except to the extent otherwise provided in this Agreement, Contractor shall have the right either to retain (as Uncovered Aircraft) any Covered Aircraft being withdrawn from the capacity purchase provisions of this Agreement pursuant to this Section 2.02, or to return such aircraft to Continental (or its designee), in each case as follows:

(i) Contractor shall have nine months after receipt of the Early Withdrawal Schedule delivered pursuant to Section 2.02(a) to notify Continental that it elects to retain any of the Covered Aircraft being withdrawn (whether such Covered Aircraft constitute Delivered Covered Aircraft or Undelivered Covered Aircraft). If Contractor elects to keep any Delivered Covered Aircraft, then its notice must include an indication by calendar month of the number and type of aircraft it proposes to retain, such number of any particular type of aircraft in any particular month to be no greater than the number of such type of aircraft scheduled to be withdrawn during such month pursuant to the Early Withdrawal Schedule. In addition, regardless of whether it intends to retain any aircraft, Contractor shall include in its notice a reasonably detailed current summary of the maintenance and repair condition of each aircraft and Engine and a list detailing the location of each Engine (by aircraft or, if appropriate, maintenance facility).

(ii) Within 30 days after receipt of Contractor's notice of its election to retain Covered Aircraft being withdrawn, Continental shall select the individual aircraft to be withdrawn, including those aircraft to be retained by Contractor, and shall notify Contractor of its selection. Continental shall have complete discretion in the selection of the particular Covered Aircraft to be withdrawn and those to be retained by Contractor; provided that Continental must adhere to the timing, number and type of aircraft to be retained by Contractor as provided in Contractor's notice to Continental delivered pursuant to Section 2.02(b)(i).

(c) Replacement of Sublease. Upon Contractor retaining a previously Covered Aircraft as an Uncovered Aircraft pursuant to this Section 2.02, effective on the first day of the month during which such aircraft becomes an Uncovered Aircraft, the Covered Aircraft Sublease shall be terminated and replaced with an Uncovered Aircraft Sublease, and Contractor may fly the aircraft as permitted by Article VI.

(d) Return Conditions. Upon the withdrawal from the capacity purchase provisions of this Agreement of a Covered Aircraft that is being returned to Continental (or its designee) pursuant to this Section 2.02, the Covered Aircraft Sublease with respect to such aircraft shall be terminated upon the date of such withdrawal, and Contractor shall not be required to meet the return conditions applicable to such aircraft that relate to time or cycles remaining between maintenance events or to any time- or cycle-controlled part under clause (v) of Section 4 of the Covered Aircraft Sublease; provided that Contractor shall remain obligated to comply with all other provisions of the Covered Aircraft Sublease applicable at the time, including without limitation provisions generally applicable to the maintenance, airworthiness, repair and general operating condition and cleanliness of the aircraft; and provided further, that the general condition of the Covered Aircraft being returned to Continental shall not have materially changed relative to the condition of Contractor's fleet of the same aircraft type since the related notice of withdrawal was delivered by Continental to Contractor pursuant to Section 2.02(a), and the withdrawn aircraft being returned to Continental shall not have been discriminated against or operated, maintained or otherwise treated differently (including with respect to the removal of any part for convenience or without cause) than any other Covered Aircraft.

(e) Financial Arrangements. In connection with the withdrawal of any Covered Aircraft from the capacity purchase provisions of this Agreement pursuant to this Section 2.02, (i) Continental shall be responsible for all reasonable and necessary direct out-of-pocket costs incurred by Contractor as a result of such withdrawal, including without limitation the reasonable costs of terminating facility leases and/or employees and disposing of Excess Inventory caused by such withdrawal and any increased charges per scheduled block hour for Covered Aircraft under Section 5.4.3 of the Flight Hour Agreement precipitated by the return of any Covered Aircraft to Continental, but excluding any lost profits and any other indirect costs; provided that Contractor shall use its

reasonable good faith efforts to mitigate any such costs; (ii) Continental shall meet and confer with Contractor regarding the impact of the withdrawal on Contractor's cash flow, and shall negotiate in good faith regarding the provision by Continental of a credit facility for Contractor, if needed by Contractor as a result of such withdrawal, for a term not to exceed two years, a size not to exceed \$75 million in the aggregate and at an interest rate equal to LIBOR plus 200 basis points; provided, that Continental has no obligation to provide such credit facility; (iii) for each such withdrawn aircraft being retained by Contractor, Contractor shall calculate a maintenance reimbursement equal to the product of (x) Contractor's average cost of a heavy maintenance visit for such aircraft type during the previous six months and (y) a fraction, the numerator of which is the number of hours remaining until the next heavy maintenance visit for such aircraft minus 1/2 of the total number of hours allowable between heavy maintenance visits for such aircraft, and the denominator of which is the total number of hours allowable between heavy maintenance visits for such aircraft, and at the time of such withdrawal (I) Continental shall pay Contractor an amount equal to such maintenance reimbursement, if the numerator of such fraction is less than zero, (II) Contractor shall pay Continental an amount equal to such maintenance reimbursement, if the numerator of such fraction is greater than zero, and (III) there shall be no maintenance reimbursement payable pursuant to this clause (iii) if the numerator of such fraction is equal to zero; and (iv) for each such withdrawn aircraft being retained by Contractor, if Continental shall have previously reimbursed Contractor for the cost of any engine life-limited component pursuant to Paragraph B(3) of Schedule 3 which component is installed in such aircraft, then Contractor shall pay to Continental an amount equal to the cost of such life-limited component multiplied by a fraction, the numerator of which is the number of hours remaining in the life of such life-limited part, and the denominator of which is the total number of hours in the life of such life-limited part. Contractor may elect, in lieu of making the payment contemplated by clause (iv) above, to pay such amount plus accrued interest, which interest shall accrue monthly at the interest rate used in the Uncovered Aircraft Sublease for such aircraft to determine the lease payments thereunder, in equal monthly installments over the remaining term of the Uncovered Aircraft Sublease with respect to such aircraft.

Section 2.03 Withdrawal of Turboprop Aircraft from this Agreement.

(a) Continental Notice of Turboprop Aircraft

Withdrawal. All Turboprop Aircraft shall be withdrawn from the capacity purchase provisions of this Agreement on a schedule to be agreed upon by Continental and Contractor, but in any event not later than December 31, 2004; provided that notwithstanding any such agreed schedule, Continental may at any time, upon not less than 45 days' notice (or 14 days' notice in the case of a Turboprop Aircraft for which Continental received notice of a maintenance event pursuant to Section 4.05(a)), withdraw any Turboprop Aircraft from the capacity purchase provisions of

this Agreement. Without Continental's prior written consent, Contractor may not retain any Turboprop Aircraft withdrawn from the capacity purchase provisions of this Agreement. At Continental's request in connection with any withdrawal of a Turboprop Aircraft, Contractor shall promptly provide a list detailing the location of each turboprop engine (by aircraft or, if appropriate, maintenance facility).

(b) Retirement Costs of Turboprop Aircraft.

Continental shall be responsible for any reasonable out-of-pocket expenses associated with the retirement of each Turboprop Aircraft in connection with its withdrawal from the capacity purchase provisions of this Agreement pursuant to this Section 2.03; provided that Contractor shall conduct its retirement checks for such aircraft in a manner consistent with its past practices; provided, further, that Contractor shall not discriminate against or operate, maintain (except as provided above) or otherwise treat the aircraft differently in contemplation of its return to Continental (or its designee), including with respect to the removal of any part or parts for convenience or without cause; and provided, further, that if the amount which Contractor is compensated pursuant to Schedule 3 in respect of the reasonable out-of-pocket expenses incurred by Contractor as determined pursuant to this Section 2.03(b) exceeds the actual aggregate amount of such expenses, then Contractor shall promptly reimburse to Continental an amount equal to the quotient of (i) such excess divided by (ii) the Cost Factor set forth on Appendix 23 to Schedule 3. In connection with each such retirement, Continental shall also (i) purchase (or arrange for the purchase) from Contractor, at the time of withdrawal, each such Turboprop Aircraft that is owned by Contractor at a price equal to the book value of such aircraft on Contractor's most recent financial statements, and (ii) purchase the Excess Inventory relating to such Turboprop Aircraft (as reasonably determined by Contractor) at a price equal to the book value of such inventory on Contractor's most recent financial statements.

(c) Impairment Costs of Turboprop Aircraft. Subject

to the provisions of Section 3.05, if Contractor shall incur a charge for the impairment of a Turboprop Aircraft prior to its withdrawal pursuant to this Section 2.03, then Continental shall reimburse Contractor in the amount of such charge; provided that Contractor shall not discriminate against any Turboprop Aircraft in determining whether to take such charge or the amount of such charge.

Section 2.04 Withdrawal of Engines. In connection with the withdrawal of any Covered Aircraft (including any Turboprop Aircraft) from the capacity purchase provisions of this Agreement pursuant to Section 2.02 or 2.03, whether such aircraft is being retained by Contractor as an Uncovered Aircraft or returned to Continental or its designee, Continental shall have complete discretion in the selection of the particular Engines or Turboprop engines, as the case may be, to be withdrawn in connection with any particular aircraft and shall notify Contractor of its selection not less than 10 days after Continental shall have selected aircraft to be withdrawn pursuant to Section 2.02(b)(ii) or 2.03(a), as applicable. Continental shall bear the cost of any engine swaps reasonably necessary to accommodate its engine selections, based on the engine-location list provided to Continental by Contractor; provided that Contractor use its commercially reasonable efforts to minimize the number and cost of engine swaps reasonably necessary to accommodate Continental's engine selections and shall be

responsible for the cost of all such swaps, if any, required because of any inaccuracy in the engine-location list provided to Continental by Contractor.

Section 2.05 Embraer Option Aircraft. With respect to the Embraer Option Aircraft, Contractor shall give Continental written notice of the deadline for the exercise of any option for any such Embraer Option Aircraft at least 60 days (but not more than 180 days) prior to such deadline, and Continental shall, within 30 days from receipt of such notice, determine and notify Contractor (i) that such Embraer Option Aircraft shall constitute Covered Aircraft, (ii) that such Embraer Option Aircraft shall be delivered to Contractor in exchange for the delivery to Continental of an Uncovered Aircraft that is subject to an Uncovered Aircraft Sublease, (iii) that Continental desires to acquire such Embraer Option Aircraft for its own account (or that of its designee) outside of this Agreement if Contractor does not intend to exercise such option or (iv) that it does not elect to exercise any of the above rights, in which case Embraer Option Aircraft obtained by Contractor in respect of such option shall be Uncovered Aircraft. If Continental shall have elected clause (i) above, then upon receipt

by Contractor of notice from Continental of its determination, Contractor shall exercise its option to acquire such aircraft from Embraer, and the provisions of Section 5.01 shall apply. If Continental shall have elected clause (ii) above, then the provisions of Section 5.03(b) shall apply. If Continental shall have elected clause (iii) above, then Contractor shall notify Continental at least 15 days prior to the deadline for exercise of such option whether Contractor intends to exercise such option on its own behalf, and Contractor shall timely exercise such option on behalf of Continental (and take all other actions reasonably appropriate to permit Continental (or its designee) to acquire such aircraft) if Contractor shall have determined not to exercise such option on its own behalf.

Section 2.06 Flight-Related Revenues. Contractor acknowledges and agrees that all revenues resulting from the sale and issuance of passenger tickets associated with the operation of the Covered Aircraft and all other sources of revenue associated with the operation of the Covered Aircraft, including without limitation revenues relating to the transportation of cargo or mail and revenues associated with food, beverage and duty-free services and guaranteed or incentive payments from airport, local or municipal authorities in connection with scheduling flights to such airport or locality, are the sole property of and shall be retained by Continental (or, if received by Contractor, shall be promptly remitted to Continental).

ARTICLE III

CONTRACTOR COMPENSATION

Section 3.01 Base and Incentive Compensation. For and in consideration of the transportation services, facilities and other services to be provided by Contractor hereunder, Continental shall pay Contractor the base and incentive compensation as provided in Paragraph A of Schedule 3 hereto, subject to the terms and conditions set forth in this Article III.

Section 3.02 Periodic Adjustment of Base and Incentive Compensation. The initial base and incentive compensation rates under this Agreement (including the initial

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Block Hour Rates) set forth in Paragraph A of Schedule 3 hereto shall remain in effect through December 31, 2004, with certain limited adjustments as are provided in Schedule 3. The Block Hour Rates shall be subject to further adjustment on January 1, 2005 and each January 1 thereafter during the Term. Continental and Contractor hereby agree to meet promptly after July 1, 2004, September 1, 2005 and each September 1 thereafter during the Term in order to review and revise the Block Hour Rates, as appropriate, for the subsequent year based on the methodology (including the Cost Factor) for setting the initial Block Hour Rates as set forth in Schedule 3. Should the parties be unable to agree on such revised Block Hour Rates by October 1, 2004 for the year beginning January 1, 2005 or by November 1 in any subsequent year for the year beginning on the subsequent January 1, then the parties shall submit the disagreement to arbitration pursuant to Section 11.08.

Section 3.03 Contractor Expenses. Except as provided otherwise in Section 3.04, Contractor shall discharge in accordance with commercially reasonable practices all expenses incurred in connection with Contractor's provision of Regional Airline Services.

Section 3.04 Continental Expenses. In addition to the reconciliation pursuant to Section 3.06(b) of all or a portion of the actual costs of certain expenses, the anticipated costs of which are provided for in the Block Hour Rates:

(a) Certain Revenue-Related Expenses. Continental

shall be responsible for all passenger and cargo revenue-related expenses relating to the Regional Airlines Services, as described in Paragraph B(1) of Schedule 3.

(b) Design Changes. Continental shall be responsible

for any reasonable out-of-pocket expenses relating to interior and exterior design changes to the Covered Aircraft and other product-related changes required by Continental that occur outside of Contractor's normal aircraft and facility refurbishment program, including facility-related design changes and the cost of changes in uniforms and other livery.

Section 3.05 Accounting Provisions and Audit.

(a) Separate Books and Records. Contractor shall

maintain separate books and records for the provision of Regional Airlines Services, on the one hand, and Contractor's other operations (if any) on the other, in each case in the aggregate, and shall include a reasonable allocation of expenses, including overhead, among such aircraft such that aircraft-specific costs are assigned among Covered Aircraft and Uncovered Aircraft based on the specific aircraft type that generated such cost and all other costs are allocated proportionately based on block hours flown; provided that in the event that engine maintenance or other costs arising under the Flight Hour Agreement change pursuant to the terms thereof as a result of the inclusion of Uncovered Aircraft under such agreement (including because of the stage length or other utilization characteristics of the Uncovered Aircraft), then the engine maintenance and other costs arising under

the Flight Hour Agreement shall be allocated to the Covered Aircraft as if such Uncovered Aircraft had not been included under such agreement, regardless of whether such allocation results in higher or lower costs being allocated to the Covered Aircraft. Contractor's books and records that relate to the provision of Regional Airlines Services shall be maintained in accordance with generally accepted accounting principles consistently applied, and such books and records and all calculations made pursuant to this Agreement shall be kept and made in accordance with the accounting policies and procedures used by Continental and Contractor to develop Block Hour Rates, unless otherwise agreed in writing by Continental. Without limiting the foregoing in any respect, Contractor agrees that it shall not depreciate Turboprop Aircraft or Excess Inventory from and after the date hereof more slowly than it has historically depreciated such items, unless otherwise agreed in writing by Continental.

(b) Audit Rights. Contractor shall make available for inspection by Continental and its outside auditors, within a reasonable period of time after Continental makes a written request therefor, all of Contractor's books and records (including all financial and accounting records and operations reports, and records of other subsidiaries or affiliates of Contractor, if any, as necessary to audit the allocations made pursuant to Section 3.05(a)). Continental and its outside auditors shall be entitled to make copies and notes of such information as they deem necessary and to discuss such records with Contractor's Chief Financial Officer or such other employees or agents of Contractor knowledgeable about such records. Upon the reasonable written request of Continental or its outside auditors, Contractor will cooperate with Continental and its outside auditors to permit Continental and its outside auditors access to Contractor's outside auditors for purposes of reviewing such records.

Section 3.06 Billing and Payment; Reconciliation.

(a) Billing and Payment. On the next Business Day after Contractor receives the Final Monthly Schedule from Continental pursuant to Section 2.01(b), Contractor shall present a reasonably detailed written invoice for amounts due under this Agreement in respect of the Base Compensation and per passenger fees (based on the Forecasted Passengers) for the Scheduled Flights during the month to which such Final Monthly Schedule pertains. Continental shall pay Contractor the amount due under such invoice (the "Invoiced Amount"), subject to Continental's right to dispute any calculations set forth on such invoice that do not comply with the terms of this Agreement, and, at Continental's option, net of amounts owed by Contractor to Continental under the Administrative Support and Information Services Provisioning Agreement, the Master Facility and Ground Handling Agreement, the Fuel Purchasing Agreement and/or any Covered Aircraft Sublease or Uncovered Aircraft Sublease, as follows:

(i) One-quarter of the Invoiced Amount shall be payable by Continental to Contractor, by electronic transfer of funds to a bank account designated by Contractor, available on or before the first day

of the month (or if such day is not a Business Day, the next Business Day) to which such invoice relates;

(ii) One-quarter of the Invoiced Amount

shall be payable by Continental to Contractor, by electronic transfer of funds to a bank account designated by Contractor, available on or before the 8th day of the month (or if such day is not a Business Day, the next Business Day) to which the invoice relates;

(iii) One-quarter of the Invoiced Amount

shall be payable by Continental to Contractor, by electronic transfer of funds to a bank account designated by Contractor, available on or before the 15th day of the month (or if such day is not a Business Day, the next Business Day) to which the invoice relates; and

(iv) One-quarter of the Invoiced Amount

shall be payable by Continental to Contractor, by electronic transfer of funds to a bank account designated by Contractor, available on or before the 22nd day of the month (or if such day is not a Business Day, the next Business Day) to which the invoice relates.

(b) Reconciliation. Not later than 12 days following the end of each month, Contractor and Continental shall reconcile actual amounts due in respect of such month with the estimated amounts included in the Invoiced Amount for such items for such month in accordance with the terms and conditions set forth in Schedule 3. Such reconciled amounts for such month shall be paid by Continental to Contractor together with the next payment to be made pursuant to Section 3.06(a)(iii) above, or set off by Continental against any other amounts owing to Contractor, as the case may be. If, subsequent to any reconciliation payments or set-off, as the case may be, Contractor's financial statements, maintained as provided in Section 3.05(a), are restated, amended or otherwise adjusted for any month or Performance Period, then the reconciled amounts for such period shall be recalculated in accordance with the terms and conditions set forth in Schedule 3, and the parties shall make further payments or set off further amounts as appropriate in respect of such recalculations.

ARTICLE IV

CONTRACTOR OPERATIONS AND AGREEMENTS WITH CONTINENTAL

Section 4.01 Crews; Resource Allocation.

(a) Personnel Employed. Contractor shall be responsible for providing all crews (flight and cabin) and maintenance personnel and, at Contractor Airports, gate agents and other ground personnel, necessary to operate the Scheduled Flights and for all aspects (personnel and other) of dispatch control.

(b) Resource Allocation. If Contractor is flying any Uncovered Aircraft, then for so long as either (i) the number of Scheduled Flights in a

calendar month represent at least 50% of the aggregate number of Contractor's scheduled flights of Covered and Uncovered Aircraft in such month or (ii) the number of Covered Aircraft is at least 200, then Contractor crews, maintenance personnel and other resources shall be allocated on a priority basis to Scheduled Flights above all other flights and aircraft.

Section 4.02 Governmental Regulations. Contractor has and shall maintain all FAA, DOT and other certifications, permits, licenses, certificates and insurance required by governmental authorities to enable Contractor to perform the services required by this Agreement. All flight operations, dispatch operations and all other operations undertaken by Contractor pursuant to this Agreement shall be conducted and operated by Contractor in compliance in all material respects with all governmental regulations, including, without limitation, those relating to airport security, the use and transportation of hazardous materials, crew qualifications, crew training and crew hours. Without limiting Contractor's obligations under any Covered Aircraft Lease, all Covered Aircraft shall be operated and maintained by Contractor in compliance in all material respects with all governmental regulations, Contractor's own operations manuals and maintenance manuals and procedures, and all applicable equipment manufacturer's instructions.

Section 4.03 Quality of Service. At all times, Contractor shall provide Regional Airline Services with appropriate standards of care, but in no event lower than such standards utilized by Continental as of the date of this Agreement. Continental procedures, performance standards and means of measurement thereof concerning the provision of air passenger and air cargo services shall be applicable to all Regional Airline Services provided by Contractor. Contractor shall achieve at least the comparable quality of airline service as provided by Continental, subject to limitations imposed by the type of aircraft used by Contractor, its route network and the availability of equipment and facilities, as compared to those of Continental. Contractor shall comply with all airline customer service commitments or policies of Continental as of the date hereof, including without limitation the "CustomerFirst" commitments, and employee conduct, appearance and training policies in place as of the date hereof, and shall handle customer-related services in a professional, businesslike and courteous manner. In connection therewith, Contractor shall maintain aircraft cleaning cycles and policies, and shall maintain adequate staffing levels, to ensure at least a comparable level of customer service and operational efficiency that Continental achieves, including without limitation in respect of customer complaint response, ticketing and boarding timing, and baggage services. In addition, at the request of Continental, Contractor shall comply with all such airline customer service commitments, policies or standards of care of Continental as adopted, amended or supplemented after the date hereof, provided that Continental shall reimburse Contractor for the reasonable out-of-pocket costs of Contractor of complying with such policies in excess of the costs of complying with such policies as in effect as of the date of this Agreement. Contractor shall provide Continental with timely communication regarding the status of all Scheduled Flights, and shall perform closeout procedures at service levels at least as high as those of Continental at comparably-sized airports. Contractor will use Continental's standard procedures for processing and adjudicating all claims for which Contractor is responsible in an effort to avoid such matters becoming the subject of litigation or insurance claims. Contractor and

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Continental will periodically meet to discuss and review Contractor's customer service and handling procedures and policies and its employees' conduct, appearance and training standards and policies in an effort to ensure compliance with this Agreement, and to agree to the terms of any necessary corrective action plan and the timing of its implementation.

Section 4.04 Safety Matters.

(a) Incidents or Accidents. Contractor shall promptly notify Continental of all irregularities involving a flight operated by Contractor which result in any damage to persons or property or are otherwise likely to result in a complaint or claim by passengers or an investigation by a governmental agency or authority, shall furnish to Continental as much detail as practicable concerning such irregularities and shall cooperate with Continental at Contractor's own expense in any appropriate investigation. Contractor shall adopt Continental's Emergency Response Plan for aircraft accidents or incidents, and shall be responsible for Continental's direct costs resulting from Contractor's participation in such plan. In the event of an accident or incident involving a Covered Aircraft, Continental will have the right, but not the obligation, to manage the emergency response efforts on behalf of Contractor and to approve settlement of any liability claims resulting from the accident or incident.

(b) Safety Audits. Continental shall have the right, at its own cost, to inspect, review, and observe Contractor's operations of Scheduled Flights, and/or to conduct a full safety and/or service audit of Contractor's operations, manuals and procedures reasonably related to Scheduled Flights, at such intervals as Continental reasonably requests. Any such safety review may include an audit of Contractor's maintenance and operating procedures, crew planning, passenger and baggage handling, customer service, personnel records, spare parts, inventory records, training records and manuals, and flight, flight training and operational personnel records.

Section 4.05 Turboprops.

(a) Maintenance. Contractor shall notify Continental at least 30 days prior to performing the last scheduled maintenance event of any type (including airframe checks, and engine, propeller and landing gear overhauls) on any Turboprop Aircraft prior to the withdrawal date for such aircraft as agreed pursuant to Section 2.03. Upon notice from Continental that, prior to such maintenance event, such Turboprop Aircraft is to be withdrawn from the capacity purchase provisions of this Agreement pursuant to Section 2.03, then Contractor shall cancel such maintenance event. The expected cost of such maintenance event provided for in the Block Hour Rates and theretofore paid to Contractor, net of any out-of-pocket costs to Contractor of such cancellation, shall be credited to Continental in connection with the next reconciliation payment pursuant to Paragraph B(9) of Schedule 3.

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(b) Post-Withdrawal Management. At the request of Continental, and at Continental's cost and direction, Contractor shall make arrangements for the storage and continued maintenance (including the keeping of active logs) of withdrawn Turboprop Aircraft that have not yet been returned to Continental or its designee, together with the Excess Inventory relating thereto.

Section 4.06 Master Facility and Ground Handling Agreement. Contemporaneous with the execution and delivery of this Agreement, Contractor and Continental shall enter into a Master Facility and Ground Handling Agreement in the form attached hereto as Exhibit C.

Section 4.07 Codeshare Terms. Contractor agrees to operate all Scheduled Flights using the Continental flight code and flight numbers assigned by Continental, or such other flight codes and flight numbers as may be assigned by Continental (to accommodate, for example, a Continental alliance partner), and otherwise under the codeshare terms set forth in Exhibit D.

Section 4.08 Administrative Support and Information Services Provisioning Agreement. Contemporaneous with the execution and delivery of this Agreement, Continental and Contractor shall enter into the Administrative Support and Information Services Provisioning Agreement in the form attached hereto as Exhibit E.

Section 4.09 Fuel Purchasing Agreement. Contemporaneous with the execution and delivery of this Agreement, Continental and Contractor shall enter into the Fuel Purchasing Agreement in the form attached hereto as Exhibit F.

Section 4.10 Slots and Route Authorities. At the request of Continental made at any time and from time to time, including upon termination of this Agreement, Contractor shall use its commercially reasonable efforts to transfer to Continental or its designee, to the extent permitted by law, any airport takeoff or landing slots, route authorities or other similar regulatory authorizations held by Contractor and used for Scheduled Flights, in consideration of the payment to ExpressJet of the net book value, if any, of such slot, authority or authorization on ExpressJet's books. Contractor's obligations pursuant to the immediately preceding sentence shall survive the termination of this Agreement for so long as any transfer requested pursuant to this Section 4.10 shall not have been completed. Contractor hereby agrees that all of Contractor's contacts or communications with any applicable regulatory authority concerning any airport takeoff or landing slots, route authorities or other similar regulatory authorizations used for Scheduled Flights will be coordinated through Continental. If any airport takeoff or landing slot, route authority or other similar regulatory authorization held by Contractor and used for Scheduled Flights is withdrawn or otherwise forfeited as a result of Controllable Cancellations or any other reason within Contractor's reasonable control, then Contractor agrees to pay to Continental promptly upon demand an amount equal to the market value of such withdrawn or forfeited slot, authority or authorization.

Section 4.11 Use of Continental Marks. Continental hereby grants to Contractor the non-exclusive and non-transferable rights to use the Continental Marks and other

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Identification as provided in, and Contractor shall use the Continental Marks and other Identification in accordance with the terms and conditions of, Exhibit G.

Section 4.12 Use of Contractor Marks. Contractor hereby grants to Continental the non-exclusive and non-transferable rights to use the Contractor Marks as provided in, and Continental shall use the Contractor Marks in accordance with the terms and conditions of, Exhibit H.

Section 4.13 Catering Standards. Continental and Contractor shall comply with the catering requirements set forth on Exhibit I hereto. The parties agree that, in the event of a conflict between the provisions of Exhibit I and the Contractor Ground Handling Agreement, the provisions of Exhibit I shall control.

Section 4.14 Ticket Handling Terms. Continental and Contractor shall comply with the ticket handling requirements set forth in Exhibit J hereto. The parties agree that, in the event of a conflict between the provisions of Exhibit J and the Contractor Ground Handling Agreement, the provisions of Exhibit J shall control.

ARTICLE V

FINANCING OF AIRCRAFT

Section 5.01 Financing of Firm and Option Aircraft. Subject to the terms and conditions of this Agreement, Continental agrees to participate, on behalf of Contractor, in the financing for the firm-order aircraft under the Embraer Contract as further set forth on Schedule 1 attached hereto in accordance with and subject to the terms and conditions of the Embraer Contract and this Article V. For any such firm-order aircraft that constitute Covered Aircraft, Continental shall lease such aircraft from Embraer or its equity designee pursuant to the Embraer Contract and (if applicable with respect to a particular aircraft) the Funding Agreement and sublease such aircraft to Contractor under a Covered Aircraft Sublease. For any such firm-order aircraft that become Uncovered Aircraft (either in connection with the release of Covered Aircraft pursuant to Section 2.02 or in connection with certain terminations of this Agreement), Continental shall lease (or continue to lease, as the case may be) such aircraft from Embraer or its equity designee pursuant to the Embraer Contract and (if applicable with respect to a particular aircraft) the Funding Agreement and sublease such aircraft to Contractor under an Uncovered Aircraft Sublease, subject to the provisions of Section 5.03. In addition, Continental agrees to participate in the financing for the Embraer Option Aircraft that constitute Covered Aircraft pursuant to clause (i) of Section 2.05 as if such aircraft were firm-order aircraft under the Embraer Contract. Notwithstanding the foregoing, (i) if the other parties to any financing or lease transaction involving Covered Aircraft or Uncovered Aircraft consent to the release of Continental from any obligation to participate in such financing or otherwise to terminate Continental's head lease, in each case without increasing the obligations of Contractor under such contract, then Contractor agrees to consent to such release and agrees that the foregoing provisions of this Section 5.01 shall not apply in respect of such aircraft and (ii) Continental shall have no obligation under this Article V with respect to Undelivered Covered Aircraft that are deemed Uncovered Aircraft pursuant to Section 2.02 or Article IX. Contractor further

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agrees that Continental shall be entitled to assign or otherwise transfer its interest in any Uncovered Aircraft and/or any financing or lease agreements relating thereto, and Contractor shall not withhold its required consent, if any, to such assignment or transfer; provided, that Contractor shall not be required to agree to such transfer or assignment if such action would cause Contractor to be in default of such financing or lease agreement (in which event the Uncovered Aircraft or the financing or lease agreement shall not be assigned or transferred unless Continental shall have provided indemnification or other protection sufficient to hold Contractor harmless against any loss, damage, claim or expense arising out of such default) or if such transfer or assignment would violate any applicable law; and provided further that Contractor's expenses in connection with such transaction shall be reimbursed by Continental.

Section 5.02 No Financing of Other Aircraft. Except as provided in Section 5.01, the parties acknowledge and agree that Continental does not have any obligation hereunder to finance, arrange financing or participate in the financing of any aircraft on behalf of Contractor.

Section 5.03 Refinancing or Replacement of Uncovered Aircraft.

(a) Refinancing at Contractor's Option. If Contractor

shall have successfully negotiated a transaction at any time providing for the refinancing of an Uncovered Aircraft and the termination by Continental of the head lease relating to such aircraft, then Continental shall use its reasonable efforts to cooperate with Contractor to consummate the transaction; provided, that Continental shall not be required to terminate such head lease if such termination is not permitted by such head lease or such termination would violate any applicable law or cause a breach under any other contract to which Continental is a party, in which event the Uncovered Aircraft Sublease shall not be terminated; and provided further that Continental's expenses in connection with such transaction shall be reimbursed by Contractor.

(b) Replacement at Continental's Option. Continental

shall be entitled at any time and from time to time to terminate the Uncovered Aircraft Sublease relating to an Uncovered Aircraft, and take possession of such Uncovered Aircraft, in a transaction providing for the delivery to Contractor of a Replacement Aircraft.

(i) Replacement Using Embraer Option

Aircraft. If the Replacement Aircraft proposed by Continental is an Embraer Option Aircraft, then Continental may take possession of the replaced Uncovered Aircraft on or after the fifth day after the earlier of the actual delivery date of the Replacement Aircraft and the scheduled delivery date of the Replacement Aircraft (regardless of whether such Replacement Aircraft is actually delivered on such date, whether or not Contractor has elected to exercise its option with respect to such Replacement Aircraft and whether or not Contractor is able to finance the acquisition of such Replacement Aircraft); provided that Continental shall have given Contractor at least

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days' advance written notice prior to the expiration of Contractor's option to acquire such Embraer Option Aircraft; and provided further that such Embraer Option Aircraft does not constitute a Replacement Aircraft for another Uncovered Aircraft.

(ii) Replacement Using Other Embraer

Aircraft. If Continental (A) shall obtain the right to acquire (including by exercise of an option) any Embraer aircraft other than the Covered Aircraft and the Embraer Option Aircraft and (B) at least 30 days prior to the expiration of such right, shall propose in writing delivered to Contractor to acquire such aircraft or exercise an option for such aircraft on behalf of Contractor as a Replacement Aircraft for an Uncovered Aircraft, then Contractor shall be required to use its commercially reasonable efforts to finance the acquisition of such Replacement Aircraft prior to the expiration of such right. If Contractor shall obtain such financing on terms reasonably satisfactory to it prior to the expiration of such right, then (x) Continental shall acquire such Replacement Aircraft or cause it to be acquired, using such financing obtained by Contractor; (y) Continental shall be entitled to terminate the Uncovered Aircraft Sublease relating to such Uncovered Aircraft; and (z) Continental shall take possession of such Uncovered Aircraft on the fifth day after the delivery of such Replacement Aircraft to Contractor. If Contractor shall not obtain such financing on terms reasonably satisfactory to it prior to the expiration of such right, then Continental shall not be entitled to use such Embraer aircraft as a Replacement Aircraft for an Uncovered Aircraft.

Section 5.04 Pre-Delivery Deposits. Continental shall pay all pre-delivery deposits required to be paid under the Embraer Contract in respect of all firm-order aircraft and all Embraer Option Aircraft other than those for which the option is being exercised in anticipation of such aircraft becoming an Uncovered Aircraft. If any of such pre-delivery deposits are returned to Contractor, Contractor shall promptly refund such amounts to Continental. Contractor shall be responsible for the payment of all other such pre-delivery deposits under the Embraer Contract.

Section 5.05 Lease of Owned Aircraft. If Continental purchases or otherwise acquires title to any Covered Aircraft or Uncovered Aircraft, then Contractor shall cooperate reasonably with Continental to give effect to such purchase or acquisition, including by amending or otherwise re-executing each applicable Covered Aircraft Sublease and Uncovered Aircraft Sublease as a lease, in each case containing substantially the same terms and conditions as the corresponding sublease. If Continental owns any Covered Aircraft or Uncovered Aircraft as of the date hereof, then each reference in this document to a Covered Aircraft Sublease or Uncovered Aircraft Sublease shall be deemed to be a reference to a lease containing substantially the same terms and conditions as the corresponding sublease.

ARTICLE VI

EXCLUSIVITY AND CERTAIN RIGHTS OF CONTINENTAL

Section 6.01 Exclusivity; Use of Covered Aircraft. Contractor agrees that, except as otherwise directed or approved in writing by Continental in Continental's sole discretion, (i) the Covered Aircraft may be used only to provide the Regional Airline Services contemplated by this Agreement and (ii) the Covered Aircraft may not be used by Contractor for any other purpose (other than training flights, ferrying and other non-revenue flights related to the provision of the Regional Airline Services and consistent with past practices and Reasonable Operating Constraints), including without limitation flying for any other airline or on Contractor's own behalf.

Section 6.02 Exclusive Arrangements at Hub Airports.

(a) Contractor Hub Flights. In furtherance of the capacity purchase arrangements hereunder, Continental and Contractor agree that Contractor shall operate only Scheduled Flights in or out of any Hub Airport prior to the Termination Date, except as otherwise

approved in writing by Continental in its sole discretion.

(b) Continental Hub Flights. Subject to Section

9.05(c), Continental agrees that, without Contractor's prior written consent, Continental shall not fly or contract with a third party to fly on Continental's behalf any regional jets in or out of any Existing Hub Airports until the earlier of any Termination Date and December 31, 2005; provided that the foregoing provisions shall not apply with respect to up to ten flights per day operated by Continental's codeshare partners in or out of each Existing Hub Airport, which flights carry Continental's two-letter designator code "CO" or "CO*" as a secondary code; and provided, further, that (i) if the Embraer XRJ-145 aircraft does not meet design or performance specifications and the delivery of one or more Embraer XRJ-145 aircraft is cancelled or delayed by more than six months, and (ii) Contractor does not offer to provide to Continental regional airline services utilizing regional jet aircraft comparable to the Embraer XRJ-145 (assuming that such Embraer aircraft met its design and performance specifications) at block hour rates comparable to those provided herein for the XRJ-145 aircraft or, if higher, at a price at or lower than the price offered to Continental by any third party offering to provide such services, then the exclusivity provisions of this Section 6.02(b) shall not apply with respect to the block hours for which Continental would have utilized the Embraer XRJ-145 (which in any event may include routes and frequencies previously served by other Covered Aircraft).

Section 6.03 Most Favored Nations. Notwithstanding any other provision in this Agreement to the contrary, at any time during which Continental is the largest customer of Contractor (measured by the percentage of all of Contractor's available seat miles represented by Scheduled ASMs during the most recently completed Performance Period), with respect to the purchase of Regional Airline Services hereunder Continental shall in all events be entitled to the same or comparable aggregate economic terms and

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conditions (measured by the net benefit to Contractor on a cost per available seat mile basis), on a most-favored-nations basis, as are provided, directly or indirectly, to any other Major Carrier by Contractor in any agreement or series of agreements for the provision of flight services for such Major Carrier on a capacity purchase basis (or other arrangements the economics of which replicate capacity purchase arrangements) with an aggregate of more than 10 aircraft. To the extent that any such agreement or arrangement is entered into and is not available for audit by Continental pursuant to Section 3.05(b) because of contractual confidentiality restrictions in such agreement or arrangement, then in connection with Contractor's entering into such agreement or arrangement, each of Contractor and (with respect to financial provisions only) its outside auditors shall be required to certify whether the net benefit to Contractor of the economic terms and conditions of such agreement or arrangement is comparable to or exceeds the net benefit to Contractor of the economic terms and conditions of this Agreement (in each case on a cost per available seat mile basis).

Section 6.04 Change of Control. Upon the occurrence of a Change of Control of Holdings, XJT or ExpressJet, at any time during which Continental is the largest customer of Contractor (measured by the percentage of all of Contractor's available seat miles represented by Scheduled ASMs during the most recently completed Performance Period), to which Change of Control Continental shall not have consented in writing in advance, then without any further action by any party the Block Hour Rates shall be decreased for the remaining Term by an amount equal to such Block Hour Rates multiplied by the Cost Factor, and the provisions of Paragraph B(9)(d) of Schedule 3 shall be of no further force or effect.

ARTICLE VII

INSURANCE

Section 7.01 Minimum Insurance Coverages. During the Term, in addition to any insurance required to be maintained by Contractor pursuant to the terms of any aircraft lease (including without limitation each Covered Aircraft Sublease and Uncovered Aircraft Sublease), or by any applicable governmental authority, Contractor shall maintain, or cause to be maintained, in full force and effect policies of insurance with insurers of recognized reputation and responsibility, in each case to the extent available on a commercially reasonable basis, as follows:

(a) Comprehensive aircraft hull and liability

insurance, including aircraft third party, passenger liability (including passengers' baggage and personal effects), cargo and mail legal liability, and all-risk ground and flight physical damage, with a combined single limit of not less than \$300 million per occurrence and a minimum limit in respect of personal injury (per clause AVN 60 or its equivalent) of \$25 million per occurrence and in the aggregate;

(b) Workers' compensation as required by the appropriate jurisdiction and employer's liability with a limit of not

less than \$1,000,000 combined single limit; and

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(c) Other property and liability insurance coverages

of the types and in the amounts that would be considered reasonably prudent for a business organization of Contractor's size and nature, under the insurance market conditions in effect at the time of placement, but in any event of the type and the amount that Continental may reasonably require to prevent or minimize a disruption in the provision of Regional Airline Services resulting from a casualty or liability incident related to Contractor's operations. All coverages described in this Section 7.01 shall be placed with deductibles reasonably prudent for a business organization of Contractor's size and nature, under the insurance market conditions in effect at the time of placement.

Section 7.02 Endorsements. Unless Contractor and Continental are participating in a combined policy placement, Contractor shall cause the policies described in Section 7.01 to be duly and properly endorsed by Contractor's insurance underwriters with respect to Contractor's flights and operations as follows:

(a) To provide that the underwriters shall waive

subrogation rights against Continental, its directors, officers, agents, employees and other authorized representatives, except for their gross negligence or willful misconduct;

(b) To provide that Continental, its directors,

officers, agents, employees and other authorized representatives shall be endorsed as additional insured parties, except for their gross negligence or willful misconduct;

(c) To provide that insurance shall be primary to and

without right of contribution from any other insurance which may be available to the additional insureds;

(d) To include a breach of warranty provision in

favor of the additional insureds;

(e) To accept and insure Contractor's hold harmless

and indemnity undertakings set forth in this Agreement, but only to the extent of the coverage afforded by the policy or policies; and

(f) To provide that such policies shall not be

canceled, terminated or materially altered, changed or amended until 30 days (but seven days or such lesser period as may be available in respect of hull, war and allied perils) after written notice shall have been sent to Continental.

Section 7.03 Evidence of Insurance Coverage. At the commencement of this Agreement, and thereafter at Continental's request, Contractor shall furnish to Continental evidence reasonably satisfactory to Continental of such insurance coverage and endorsements (other than that obtained pursuant to Section 7.04 below), including certificates certifying that the such insurance and endorsements are in full force and effect. Initially, this evidence shall be a certificate of insurance. If Contractor fails to

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acquire or maintain insurance as herein provided, Continental may at its option secure such insurance on Contractor's behalf at Contractor's expense.

Section 7.04 Insurance Through Combined Placement.

(a) Combined Placement. Promptly after the date

hereof, Continental and Contractor shall seek to obtain bids from

insurance providers with respect to airline hull and liability insurance, based on Continental's and Contractor's combined exposures. Each party will determine at its own discretion whether it will acquire this insurance based on the bids received. Any insurance so obtained will be a combined placement evidenced as appropriate by separate policies in the names of Continental and Contractor. If either party determines that it does not want to participate in such combined placement of insurance it will provide the other party written notice at least 120 days prior to the date for renewal of any existing insurance policy that covers both Contractor and Continental.

(b) Allocation of Costs. The parties hereto shall allocate the costs of any such combined placements as provided in Paragraph B(7) of Schedule 3.

(c) Adjustment for Major Loss. If there is a Major Loss under a combined placement insurance policy, Continental and Contractor will adjust the premium amounts paid by each party in accordance with the provisions set forth in Paragraph B(7) of Schedule 3.

ARTICLE VIII

INDEMNIFICATION

Section 8.01 Contractor Indemnification of Continental. Contractor shall be liable for and hereby agrees to fully defend, release, discharge, indemnify and hold harmless Continental, its directors, officers, employees and agents from and against any and all claims, demands, damages, liabilities, suits, judgments, actions, causes of action, losses, costs and expenses of any kind, character or nature whatsoever (in each case whether groundless or otherwise), including attorney's fees, costs and expenses in connection therewith and expenses of investigation and litigation thereof, which may be suffered by, accrued against, charged to, or recoverable from Continental or its directors, officers, employees or agents (including any such losses, costs and expenses involving (i) death or injury (including claims of emotional distress and other non-physical injury by passengers) to any person including any of Contractor's or Continental's directors, officers, employees or agents, (ii) loss of, damage to, or destruction of property (including real, tangible and intangible property, and specifically including regulatory property such as route authorities, slots and other landing rights), including any loss of use of such property, and (iii) damages due to delays) in any manner arising out of, connected with, or attributable to (w) any act or omission by Contractor or any of its directors, officers, employees or agents relating to the provision of Regional Airline Services, (x) the performance, improper performance, or non-performance of any and all

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obligations to be undertaken by Contractor or any of its directors, officers, employees or agents pursuant to this Agreement, (y) the operation, non-operation, or improper operation of the Covered Aircraft or Contractor's equipment or facilities at any location or (z) the termination of an Uncovered Aircraft Sublease and the related head lease pursuant to Section 5.03(a) hereto, excluding only claims, demands, damages, liabilities, suits, judgments, actions, causes of action, losses, costs and expenses to the extent resulting from the negligence or willful misconduct of Continental or its directors, officers, agents or employees. Contractor will do all things necessary to cause and assure, and will cause and assure, that Contractor will at all time be and remain in custody and control of all aircraft, equipment, and facilities of, or operated by, Contractor, and Continental and its directors, officers, employees and agents shall not, for any reason, be deemed to be in custody or control, or a bailee, of such aircraft, equipment or facilities.

Section 8.02 Continental Indemnification of Contractor. Continental shall be liable for and hereby agrees fully to defend, release, discharge, indemnify, and hold harmless Contractor, its directors, officers, employees, and agents from and against any and all claims, demands, damages, liabilities, suits, judgments, actions, causes of action, losses, costs and expenses of any kind, character or nature whatsoever (in each case whether groundless or otherwise), including attorneys' fees, costs and expenses in connection therewith and expenses of investigation and litigation thereof, which may be suffered by, accrued against, charged to, or recoverable from Contractor, or its directors, officers, employees or agents (including any such losses, costs and expenses involving (i) death or injury (including claims of emotional distress and other non-physical injury by passengers) to any person including any of Contractor's or Continental's directors, officers, employees or agents, (ii) loss of, damage to, or destruction of property (including any loss of use of such property including real, tangible and intangible property, and specifically including regulatory property such as route authorities, slots and other landing rights), and (iii) damages due to delays) in any manner arising out of, connected with, or attributable to, (x) the performance, improper performance, or nonperformance of any and all obligations to be undertaken by Continental or any of its directors, officers, employees or agents pursuant to this Agreement, or (y) the operation, non-operation or improper operation of Continental's aircraft, equipment or facilities (excluding, for the avoidance of doubt, Covered Aircraft, Uncovered Aircraft and any equipment or facilities leased or subleased by Continental to Contractor) at any location, excluding only claims, demands, damages, liabilities, suits judgments, actions, causes of action, losses, costs and expenses to the extent resulting from the negligence or willful misconduct of Contractor or its directors, officers, agents or employees. Continental will do all things necessary to cause and assure, and will cause and assure, that Continental will at all times be and remain in custody and control of any aircraft, equipment and facilities of, or operated by, Continental, and Contractor and its directors, officers, employees and agents shall not, for any reason, be deemed to be in the custody or control, or a bailee, of such aircraft, equipment or facilities.

Section 8.03 Indemnification Claims. A party (the "Indemnified Party") entitled to indemnification from another party under the terms of this Agreement (the "Indemnifying Party") shall provide the Indemnifying Party with prompt written notice

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(an "Indemnity Notice") of any third party claim which the Indemnified Party believes gives rise to a claim for indemnity against the Indemnifying Party hereunder. The Indemnifying Party shall be entitled, if it accepts financial responsibility for the third party claim, to

control the defense of or to settle any such third party claim at its own expense and by its own counsel; provided that the Indemnified Party's prior written consent (which may not be unreasonably withheld or delayed) must be obtained prior to settling any such third party claim. If the Indemnifying Party does not accept financial responsibility for the third party claim or fails to defend against the third party claim that is the subject of an Indemnity Notice within 30 days of receiving such notice (or sooner if the nature of the third party claim so requires), or otherwise contests its obligation to indemnify the Indemnified Party in connection therewith, the Indemnified Party may, upon providing written notice to the Indemnifying Party, pay, compromise or defend such third party claim. The Indemnified Party shall provide the Indemnifying Party with such information as the Indemnifying Party shall reasonably request to defend any such third party claim and shall otherwise cooperate with the Indemnifying Party in the defense of any such third party claim. Except as set forth in this Section 8.03, the Indemnified Party shall not enter into any settlement or other compromise or consent to a judgment with respect to a third party claim as to which the Indemnifying Party has an indemnity obligation hereunder without the prior written consent of the Indemnifying Party (which may not be unreasonably withheld or delayed), and the entering into of any settlement or compromise or the consent to any judgment in violation of the foregoing shall constitute a waiver by the Indemnified Party of its right to indemnity hereunder to the extent the Indemnifying Party was prejudiced thereby. Any Indemnifying Party shall be subrogated to the rights of the Indemnified Party to the extent that the Indemnifying Party pays for any loss, damage or expense suffered by the Indemnified Party hereunder.

Section 8.04 Employer's Liability; Independent Contractors; Waiver of Control.

(a) Employer's Liability and Workers' Compensation.

Each party hereto assumes full responsibility for its employer's liability and workers' compensation liability to its own officers, directors, employees or agents on account of injury or death resulting from or sustained in the performance of their respective service under this Agreement. Each party, with respect to its own employees, accepts full and exclusive liability for the payment of workers' compensation and employer's liability insurance premiums with respect to such employees, and for the payment of all taxes, contributions or other payments for unemployment compensation or old age benefits, pensions or annuities now or hereafter imposed upon employers by the government of the United States or any other governmental body, including state, local or foreign, with respect to such employees measured by the wages, salaries, compensation or other remuneration paid to such employees, or otherwise, and each party further agrees to make such payments and to make and file all reports and returns, and to do everything to comply with the laws imposing such taxes, contributions or other payments.

(b) Independent Contractors. The employees, agents, and independent contractors of Contractor engaged in performing any of the services Contractor is to perform pursuant to this Agreement are employees, agents, and

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independent contractors of Contractor for all purposes, and under no circumstances will be deemed to be employees, agents or independent contractors of Continental. In its performance under this Agreement, Contractor will act, for all purposes, as an independent contractor and not as an agent for Continental. Notwithstanding the fact that Contractor has agreed to follow certain procedures, instructions and standards of service of Continental pursuant to this Agreement, Continental will have no supervisory power or control over any employees, agents or independent contractors engaged by Contractor in connection with its performance hereunder, and all complaints or requested changes in procedures made by Continental will, in all events, be transmitted by Continental to Contractor's designated representative. Nothing contained in this Agreement is intended to limit or condition Contractor's control over its operations or the conduct of its business as an air carrier, and Contractor and its principals assume all risks of financial losses which may result from the operation of the air services to be provided by Contractor hereunder.

(c) Employees. The employees, agents, and independent contractors of Continental engaged in performing any of the services Continental is to perform pursuant to this Agreement are employees,

agents, and independent contractors of Continental for all purposes, and under no circumstances will be deemed to be employees, agents, or independent contractors of Contractor. Contractor will have no supervision or control over any such Continental employees, agents and independent contractors and any complaint or requested change in procedure made by Contractor will be transmitted by Contractor to Continental's designated representative. In its performance under this Agreement, Continental will act, for all purposes, as an independent contractor and not as an agent for Contractor.

(d) Contractor Flights. The fact that Contractor's operations are conducted under Continental's Marks and listed under the CO designator code will not affect their status as flights operated by Contractor for purposes of this Agreement or any other agreement between the parties, and Contractor and Continental agree to advise all third parties, including passengers, of this fact.

Section 8.05 Survival. The provisions of this Article VIII shall survive the termination of this Agreement for a period of seven years.

ARTICLE IX

TERM, TERMINATION AND DISPOSITION OF AIRCRAFT

Section 9.01 Base Term. This Agreement shall commence on and shall be effective as of January 1, 2001 and, unless earlier terminated or extended as provided herein, shall continue until December 31, 2010 (the "Base Term").

Section 9.02 Extension Terms. The term of this Agreement may be extended at the sole election of Continental for up to four additional five-year terms (each, an

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"Extension Term") upon written notice to Contractor delivered at least 24 months prior to the expiration of the Base Term or the Extension Term, as applicable.

Section 9.03 Early Termination.

(a) By Continental after Five Years. Continental may terminate this Agreement for any reason or for no reason, at its sole option, at any time on or after January 1, 2006, by providing written notice to Contractor that specifies a Termination Date of not more than 18 months nor less than 12 months after the provision of such notice. Such written notice may be delivered before January 1, 2006 so long as the Termination Date is on or after January 1, 2006.

(b) By Continental for Cause. Continental may terminate this Agreement, with or without any advance notice, upon the occurrence and continuation of any event that constitutes Cause.

(c) By Continental for Breach. Continental may terminate this Agreement, with or without any advance notice, upon the occurrence of a material breach of this Agreement by Contractor as described in clause (ii) below. Continental may terminate this Agreement upon the occurrence of any other material breach of this Agreement by Contractor, which breach shall not have been cured within 90 days after written notice of such breach is delivered by Continental to Contractor. The parties hereto agree that, without limiting the circumstances or events that may constitute a material breach, (i) the occurrence of a System Flight Disruption, a Labor Strike or any event constituting Cause shall constitute a material breach of this Agreement by Contractor, (ii) at any time that Continental makes a reasonable and good faith determination, using recognized standards of safety, that there is a material safety concern with the operation of any Scheduled Flights, Contractor shall be deemed to have materially breached this Agreement and (iii) the grounding of any of the Embraer Fleets by regulatory or court order or other governmental action shall constitute

a material breach of this Agreement by Contractor.

(d) By Contractor for Breach. Contractor may

terminate this Agreement upon the occurrence of any material breach of this Agreement by Continental, which breach shall not have been cured within 90 days after written notice of such breach is delivered by Contractor to Continental.

(e) Survival During Wind-Down Period. Upon any

termination hereunder, the Term shall continue, and this Agreement shall survive in full force and effect, beyond the Termination Date until the end of the Wind-Down Period, and the rights and obligations of the parties under this Agreement, including without limitation remedies available upon the occurrence of events constituting Cause or material breach, shall continue with respect to the Covered Aircraft until they become Uncovered Aircraft.

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Section 9.04 Disposition of Aircraft during Wind-Down Period.

(a) Termination by Continental After Five Years. If

this Agreement is terminated by Continental under Section 9.03(a), then the Covered Aircraft shall be withdrawn from the capacity purchase provisions of this Agreement in accordance with the following terms and conditions:

(i) At the time of delivery of any notice of

termination delivered pursuant to Section 9.03(a), Continental shall deliver to Contractor a Wind-Down Schedule providing for the withdrawal of all Covered Aircraft from the capacity purchase provisions of this Agreement, delineating the number of each aircraft type to be withdrawn by month.

(ii) The Wind-Down Schedule may not provide

for the withdrawal of more than 15 Delivered Covered Aircraft per month, and may not provide for the withdrawal of any Delivered Covered Aircraft more than 60 months after the Termination Date. Undelivered Covered Aircraft (determined as of the Termination Date) shall be deemed to be Uncovered Aircraft on the Termination Date.

(iii) Contractor shall have nine months

after receipt of the proposed Wind-Down Schedule to notify Continental whether it elects to retain any of the Covered Aircraft being withdrawn (whether such Covered Aircraft constitute Delivered Covered Aircraft or Undelivered Covered Aircraft). If Contractor elects to keep any Delivered Covered Aircraft, then its notice must set forth by calendar month the number and type of aircraft it proposes to retain, such number of any particular type of aircraft in any particular month to be no greater than the number of such type of aircraft scheduled to be withdrawn during such month pursuant to the Wind-Down Schedule. In addition, regardless of whether it intends to retain any aircraft, Contractor shall include in its notice a reasonably detailed current summary of the maintenance and repair condition of each aircraft and Engine and a list detailing the location of each Engine (by aircraft or, if appropriate, maintenance facility).

(iv) Within 30 days after receipt of

Contractor's notice of its election to retain Covered Aircraft

being withdrawn, Continental shall select the individual aircraft to be withdrawn according to the Wind-Down Schedule, including those aircraft to be retained by Contractor, and shall notify Contractor of its selection. Continental shall have complete discretion in the selection of the particular Covered Aircraft to be withdrawn in any month and those to be retained by Contractor; provided that Continental must adhere to the timing, number and type of aircraft to be retained by Contractor as provided in Contractor's notice to Continental delivered pursuant to Section 9.04(a)(iii).

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(v) If any Covered Aircraft is being retained by Contractor pursuant to this Section 9.04, then effective on the first day of the month in which such Covered Aircraft becomes an Uncovered Aircraft pursuant to the Wind-Down Schedule the Covered Aircraft Sublease with respect to such aircraft shall be terminated and replaced with an Uncovered Aircraft Sublease. Upon each such aircraft becoming an Uncovered Aircraft, Contractor shall calculate a maintenance reimbursement equal to the product of (x) the average cost of a heavy maintenance visit for such aircraft type during the previous six months and (y) a fraction, the numerator of which is the number of hours remaining until the next heavy maintenance visit for such aircraft minus 1/2 of the total number of hours allowable between heavy maintenance visits for such aircraft, and the denominator of which is the total number of hours allowable between heavy maintenance visits for such aircraft. At the time of such withdrawal (I) Continental shall pay Contractor an amount equal to such maintenance reimbursement, if the numerator of such fraction is less than zero, (II) Contractor shall pay Continental an amount equal to such maintenance reimbursement, if the numerator of such fraction is greater than zero, and (III) there shall be no maintenance reimbursement payable pursuant to this sentence if the numerator of such fraction is equal to zero. In addition, if Continental shall have previously reimbursed Contractor for the cost of any engine life-limited component pursuant to Paragraph B(3) of Schedule 3 which component is installed in such aircraft, then Contractor shall pay to Continental an amount equal to the cost of such life-limited component multiplied by a fraction, the numerator of which is the number of hours remaining in the life of such life-limited part, and the denominator of which is the total number of hours in the life of such life-limited part. Contractor may elect, in lieu of making the payment contemplated by the preceding sentence to pay such amount plus accrued interest, which interest shall accrue monthly at the interest rate used in the Uncovered Aircraft Sublease for such aircraft to determine the lease payments thereunder, in equal monthly installments over the remaining term of the Uncovered Aircraft Sublease with respect to such aircraft.

(vi) Upon the withdrawal of a Covered Aircraft that is being returned to Continental (or its designee) pursuant to this Section 9.04, the Covered Aircraft

Sublease with respect to such aircraft shall be terminated, and Contractor shall not be required to meet the return conditions applicable to such aircraft that relate to time or cycles remaining between maintenance events or to any time- or cycle- controlled part under clause (v) of Section 4 of the Covered Aircraft Sublease; provided that Contractor shall remain obligated to comply with all other provisions of the Covered Aircraft Sublease applicable at the time, including without limitation provisions generally applicable to the maintenance, airworthiness, repair and general operating condition and cleanliness of the aircraft; and provided further, that the general condition

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of the Covered Aircraft being returned shall not have materially changed relative to the condition of Contractor's fleet of the same aircraft type since the notice of termination was delivered by Continental to Contractor, and the withdrawn aircraft being returned shall have not been discriminated against or operated, maintained or otherwise treated differently (including with respect to the removal of any part for convenience or without cause) than any other Covered Aircraft

(vii) In connection with the withdrawal of each Covered Aircraft, whether such aircraft is being retained by Contractor as an Uncovered Aircraft or returned to Continental or its designee, Continental shall have complete discretion in the selection of the particular Engines or Turboprop engines, as the case may be, to be withdrawn in connection with any particular aircraft and shall notify Contractor of its selection not less than 10 days after Continental shall have selected aircraft to be withdrawn pursuant to Section 9.04(a)(iv). Continental shall bear the cost of any engine swaps reasonably necessary to accommodate its engine selections, based on the engine-location list provided to Continental by Contractor; provided that Contractor use its commercially reasonable efforts to minimize the number and cost of engine swaps reasonably necessary to accommodate Continental's engine selections and shall be responsible for the cost of all such swaps, if any, required because of any inaccuracy in the engine-location list provided to Continental by Contractor.

(b) Termination by Continental for Cause. If this Agreement is terminated by Continental under Section 9.03(b), then the Covered Aircraft shall be withdrawn from the capacity purchase provisions of this Agreement and Continental shall have the option to take possession (or direct possession to its designee) of any of such aircraft in accordance with the following terms and conditions:

(i) Within five Business Days after the Termination Date, Continental may elect by written notice to Contractor to withdraw, effective as of the Termination Date, all of the Covered Aircraft from the capacity provisions of this Agreement and to terminate all of the Covered Aircraft

Subleases and replace such subleases with Uncovered Aircraft Subleases (such an election being referred to as an "Immediate Withdrawal Election"). If Continental makes an Immediate Withdrawal Election, Continental shall provide to Contractor within five Business Days after the Termination Date a Wind-Down Schedule that provides for the return to Continental (and for the termination of the related Uncovered Aircraft Sublease) of any of such aircraft that Continental elects to retain, delineating the date of the return of such aircraft. Such Wind-Down Schedule will provide for the return to Continental of all such aircraft within 360 days following the Termination Date. Contractor shall deliver

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possession of such aircraft to Continental or its designee in accordance with the Wind-Down Schedule.

(ii) If Continental determines not to make an Immediate Withdrawal Election, Continental shall provide to Contractor within five Business Days after the Termination Date a Wind-Down Schedule providing for the withdrawal of all Covered Aircraft from the capacity purchase provisions of this Agreement, delineating the date of the withdrawal of each Covered Aircraft. The Wind-Down Schedule will provide for the withdrawal of all Covered Aircraft within 360 days following the Termination Date. Continental shall also indicate in the Wind-Down Schedule which aircraft shall be returned to Continental (or its designee). Contractor shall deliver possession of such aircraft to Continental or its designee upon the withdrawal of such aircraft from the capacity provisions of this Agreement in accordance with the Wind-Down Schedule.

(iii) Contractor shall be required to retain as Uncovered Aircraft all aircraft (including all Turboprop Aircraft) not determined by Continental to be returned to Continental pursuant to this Section 9.04(b), and the provisions of Section 9.04(a)(v) shall apply as if such aircraft were being retained by Contractor in connection with a termination under Section 9.03(a). With respect to each such aircraft being returned to Continental (or its designee), the provisions of Section 9.04(a)(vi) shall apply as if the aircraft were being returned to Continental in connection with a termination under Section 9.03(a) (except that if Continental makes an Immediate Withdrawal Election, an Uncovered Aircraft Sublease with respect to a particular aircraft will not terminate until such aircraft is returned to Continental in accordance with the Wind-Down Schedule). With respect to any Turboprop Aircraft owned by Contractor and not previously retired, if Continental elects to take possession of such aircraft it shall purchase such aircraft and the Excess Inventory relating thereto for a price equal to the book value of such aircraft and such Excess Inventory on Contractor's most recent financial statements. In connection with the withdrawal of each Covered Aircraft from the capacity

purchase provisions of this Agreement pursuant to this Section 9.04(b), whether such aircraft is being retained by Contractor as an Uncovered Aircraft or returned to Continental or its designee, Continental shall have complete discretion in the selection of the particular Engines or Turboprop engines, as the case may be, to be withdrawn in connection with any particular aircraft and shall notify Contractor of its selection not less than 10 days after Continental shall have selected aircraft to be withdrawn pursuant to this Section 9.04(b). At Continental's request, Contractor shall promptly provide a list detailing the location of each engine (by aircraft or, if appropriate, maintenance facility). Continental shall bear the cost of any engine swaps reasonably necessary to accommodate the engine selections, based on the engine-location list provided to Continental by Contractor;

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provided that Contractor shall use its commercially reasonable efforts to minimize the number and cost of engine swaps reasonably necessary to accommodate the engine selections and shall be responsible for the cost of all such swaps, if any, required because of any inaccuracy in the engine-location list provided to Continental by Contractor.

(c) Termination by Continental for Breach. If this Agreement is terminated by Continental under Section 9.03(c), then the provisions of Section 9.04(a) shall apply as if this Agreement were terminated under Section 9.03(a), except that (i) Continental shall have the option to deem such Covered Aircraft withdrawn from the capacity purchase provisions of this Agreement as of the Termination Date or according to the Wind-Down Schedule, and each Covered Aircraft Sublease shall be terminated with the aircraft being returned to Continental or replaced with an Uncovered Aircraft Sublease as applicable; (ii) the Wind-Down Schedule may not commence until the later of the Termination Date and 30 days following Continental's delivery of the Wind-Down Schedule to Contractor, (iii) Contractor shall have 15 days after receipt of such Wind-Down Schedule to notify Continental of its decision to retain any of the Covered Aircraft or any aircraft that were Covered Aircraft immediately prior to such Termination Date, (iv) Continental shall have five days after receipt of such notice from Contractor to select the individual aircraft to be returned to Continental; (v) Contractor shall be required to retain any Turboprop Aircraft owned by Contractor and not previously retired, unless Continental elects to purchase such aircraft and the Excess Inventory relating thereto for a price equal to the book value of such aircraft and such Excess Inventory on Contractor's most recent financial statements; and (vi) in connection with the withdrawal of each Covered Aircraft, whether such aircraft is being retained by Contractor as an Uncovered Aircraft or returned to Continental or its designee, Continental shall have complete discretion in the selection of the particular Engines or Turboprop engines to be withdrawn in connection with any particular aircraft and shall notify Contractor of its selection not less than five days after Continental shall have selected aircraft to be withdrawn pursuant to this Section 9.04(c). At Continental's request, Contractor shall promptly provide a list

detailing the location of each such engine (by aircraft or, if appropriate, maintenance facility). Continental shall bear the cost of any engine swaps reasonably necessary to accommodate its engine selections, based on the engine-location list provided to Continental by Contractor; provided that Contractor shall use its commercially reasonable efforts to minimize the number and cost of engine swaps reasonably necessary to accommodate Continental's engine selections and shall be responsible for the cost of all such swaps, if any, required because of any inaccuracy in the engine-location list provided to Continental by Contractor.

(d) Termination by Contractor for Breach. If this Agreement is terminated by Contractor under Section 9.03(d), then the Covered Aircraft shall be withdrawn from the capacity purchase provisions of this Agreement in accordance with the following terms and conditions:

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(i) The notice of termination delivered by Contractor to Continental pursuant to Section 9.03(d) shall contain a Termination Date that is at least 180 days after the date of such notice, and a Wind-Down Schedule beginning on such Termination Date and setting forth the number and type of Covered Aircraft that Contractor elects to retain as Uncovered Aircraft. The Wind-Down Schedule may not provide for the withdrawal of more than 15 Delivered Covered Aircraft per month, and may not provide for the withdrawal of any Delivered Covered Aircraft more than 60 months after the Termination Date. Undelivered Covered Aircraft (determined as of the Termination Date) shall be deemed to be withdrawn on the Termination Date (whether or not retained as Uncovered Aircraft). In addition, regardless of whether it intends to retain any aircraft, Contractor shall include in its notice a reasonably detailed current summary of the maintenance and repair condition of each aircraft and each Engine and Turboprop engine and a list detailing the location of each Engine and Turboprop engine (by aircraft or, if appropriate maintenance facility).

(ii) Continental shall, within 120 days of receipt of such Wind-Down Schedule from Contractor, propose a schedule for the withdrawal from the capacity purchase provisions of this Agreement of the Covered Aircraft not being retained by Contractor, which aircraft shall be returned to Continental (or its designee) upon their withdrawal from the capacity purchase provisions of this Agreement; provided that such Wind-Down Schedule may not provide for the withdrawal of more than 15 Delivered Covered Aircraft per month (inclusive of those aircraft being retained by Contractor), and may not provide for the withdrawal of any Delivered Covered Aircraft more than 60 months after the Termination Date. Continental shall select the individual aircraft to be withdrawn according to the Wind-Down Schedule, including those aircraft to be retained by Contractor, and shall notify Contractor of its selection. Continental shall have complete discretion in the selection of the particular Covered Aircraft to be withdrawn

in any month and those to be retained by Contractor; provided that Continental must adhere to the timing, number and type of aircraft to be retained by Contractor as provided in Contractor's notice to Continental delivered pursuant to Section 9.04(d)(i). In addition, in connection with the withdrawal of each Covered Aircraft, whether such aircraft is being retained by Contractor as an Uncovered Aircraft or returned to Continental or its designee, Continental shall have complete discretion in the selection of the particular Engines or Turboprop engines to be withdrawn in connection with any particular aircraft and shall notify Contractor of its selection not less than 10 days after Continental shall have selected aircraft to be withdrawn pursuant to this Section 9.04(d). Continental shall bear the cost of any engine swaps reasonably necessary to accommodate its engine selections, based on the engine-location list provided to Continental by Contractor; provided that Contractor shall use its commercially reasonable efforts to minimize the

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number and cost of engine swaps reasonably necessary to accommodate Continental's engine selections and shall be responsible for the cost of all such swaps, if any, required because of any inaccuracy in the engine-location list provided to Continental by Contractor.

(iii) Within 30 days of receipt of Continental's Wind-Down Schedule, Contractor may elect in writing to have all of the Covered Aircraft being returned to Continental (or its designee) converted to Uncovered Aircraft and returned to Continental effective as of the Termination Date. If Contractor does not make such an election, such Covered Aircraft shall be converted to Uncovered Aircraft and returned to Continental both in accordance with Continental's Wind-Down Schedule delivered pursuant to Section 9.04(d)(ii).

(iv) With respect to each aircraft that is retained by Contractor pursuant to this Section 9.04(d), the provisions of Section 9.04(a)(v) shall apply as if the aircraft were being retained by Contractor in connection with a termination under Section 9.03(a). With respect to each such aircraft being returned to Continental (or its designee) pursuant to this Section 9.04(d), the provisions of Section 9.04(a)(vi) shall apply as if the aircraft were being returned to Continental in connection with a termination under Section 9.03(a).

(e) Termination at End of Term. If the Agreement is terminated at the end of the Base Term or any Extension Term, then the provisions of Section 9.04(a) shall apply as if the termination were pursuant to Section 9.03(a), except that the Termination Date shall be the end of such Base Term or Extension Term, and Continental's initial Wind-Down Schedule shall be delivered to Contractor not less than 24 months prior to the Termination Date, and Contractor shall have 12 months after receipt of the proposed Wind-Down Schedule to notify Continental of any Covered Aircraft that Contractor elects to retain.

(f) Termination of Other Financings. If any Covered

Aircraft are not leased from Continental, but are subject to a security interest or mortgage in favor of Continental in connection with Continental's guarantee of Contractor's lease or purchase obligations, then the foregoing provisions relating to the termination of subleases shall apply instead to the foreclosure by Continental under such security interest or mortgage, as the case may be, and the foregoing provisions relating to increased lease rates shall apply instead to the payment by Contractor to Continental of a financing fee equal to two percent per annum of the amount guaranteed for the life of Contractor's lease or outstanding obligations with respect to the applicable Covered Aircraft.

(g) Maintenance at Continental's Expense. With

respect to any aircraft being returned to Continental by Contractor, if pursuant to the provisions of this Agreement Contractor is released from the obligation to meet

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any return conditions applicable to such aircraft under the Covered Aircraft Sublease applicable thereto, Contractor shall, at Continental's cost, perform such maintenance on such aircraft, consistent with Contractor's maintenance program, as and when requested by Continental prior to such return.

(h) Fleet Hour Program. In connection with the return

of any Covered Aircraft to Continental, Contractor shall use its commercially reasonable efforts to facilitate the participation by Continental in the fleet hour program of Rolls Royce Allison, and in connection therewith both Contractor and Continental shall cooperate in connection with any adjustment of charges pursuant to Section 5.4.3 of the Flight Hour Agreement precipitated by the return of any Covered Aircraft to Continental.

(i) Excess Inventory and Improvements.

(i) In connection with the return of any Covered Aircraft to Continental (whether pursuant to Section 2.02 or this Article IX), Continental shall promptly purchase from Contractor the Excess Inventory relating thereto at a price equal to the book value of such Excess Inventory on Contractor's most recent financial statements.

(ii) In connection with the return of any Covered Aircraft to Continental (whether pursuant to Section 2.02 or this Article IX) which Covered Aircraft shall contain improvements that are reflected as an asset on Contractor's most recent financial statements, then Continental shall promptly pay to Contractor the book value of such improvements as reflected in such financial statements.

(iii) In connection with the retention of any Covered Aircraft by Contractor (whether pursuant to Section 2.02 or this Article IX) which Covered Aircraft shall contain improvements that are reflected as an asset on Continental's most recent financial statements, then

Contractor shall promptly pay to Continental the book value of such improvements as reflected in such financial statements.

Section 9.05 Other Remedies for Breach.

(a) Material Breach by Contractor. Upon a material breach of this Agreement by Contractor (including without limitation, those described in Section 9.03(c)), which breach shall not have been cured within 60 days after written notice delivered by Continental to Contractor, then for the period from such 60th day until such breach is cured or the Agreement is otherwise terminated by Continental pursuant to Section 9.03, in addition to, and not in limitation of, any recourse or remedy available to Continental at law or in equity, Contractor shall pay to Continental on the 1st and 15th of each month during such period an amount equal to the greater of the Cost Factor and the Prevailing Margin, multiplied by Contractor's aggregate fixed and variable operating costs allocable

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to Scheduled Flights for the semi-monthly period ending one calendar month prior to the date of such payment; provided, that if the material breach is in respect of any event constituting Cause, the 60-day cure period referenced above shall not apply, and Contractor shall pay such amounts to Continental from the first day of such material breach until such breach is cured or the Agreement is otherwise terminated by Continental pursuant to Section 9.03; and provided further, that in no event shall Contractor be required to pay to Continental under this Section 9.05(a) in respect of any calendar month an amount that is in excess of the aggregate amount received by Contractor from Continental in respect of such calendar month pursuant to Section 3.06 (it being understood that the aggregate amount received by Contractor from Continental in respect of any calendar month shall include any amounts that would have been received but for the set-off of any such amounts by Continental pursuant to Section 11.16).

(b) Material Breach by Continental. Upon a material breach of this Agreement by Continental, which breach shall not have been cured within 60 days after written notice delivered by Contractor to Continental, then for the period from such 60th day until such breach is cured or the Agreement is otherwise terminated by Contractor pursuant to Section 9.03, in addition to, and not in limitation of, any recourse or remedy available to Contractor at law or in equity, Contractor shall be entitled to obtain the payments due to it hereunder directly from Airline Clearing House, Inc. for the duration of such default.

(c) Labor Strike. In the event of a Labor Strike, then (i) the provisions of Section 6.02(b) shall no longer apply for the duration of the Term, (ii) the provisions of Paragraph B(6)(e) of Schedule 3 and Section 9.05(a) shall apply, (iii) after each of the 2nd, 15th, 30th, 45th, 60th and 75th days of such Labor Strike, Continental (or its designee) shall be entitled to take immediate possession of up to 20 Covered Aircraft (up to a total of 120 aircraft after such 75th day) designated by Continental, which shall simultaneously be withdrawn from this Agreement and the provisions of Section 9.04(a)(vi) shall apply as if such aircraft were being returned to Continental in connection with a termination under Section 9.03(a),

and (iv) if Continental (or its designee) shall take possession of any aircraft pursuant to clause (iii) above, then for so long as the Labor Strike shall continue and for 180 days thereafter, Contractor shall provide Continental or its designee with first-priority access to all of Contractor's operating and training facilities, including without limitation, flight simulators and hangars, at the standard rental rate charged by Contractor to third parties prior to the beginning of the Labor Strike (or, if Contractor had not rented any such facility, at non-strike market rates), and to its inventory of spare parts and other equipment at market rates, in each case for such period of time and to such extent as is necessary and prudent in Continental's judgment to operate such aircraft safely and to integrate such aircraft and such operations into Continental's (or its designee's) fleet and operations.

(d) Punitive Damages. No party to this Agreement or any of its affiliates shall be liable to any other party hereto or any of its affiliates for

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claims for punitive, special or exemplary damages, arising out of or relating to this Agreement or the transactions contemplated hereby, regardless of whether a claim is based on contract, tort (including negligence), strict liability, violation of any applicable deceptive trade practices act or similar law or any other legal or equitable principle, and each party releases the others and their respective affiliates from liability for any such damages. No party shall be entitled to rescission of this Agreement as a result of breach of any other party's representations, warranties, covenants or agreements, or for any other matter.

ARTICLE X

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 10.01 Representations, Warranties and Covenants of Holdings, XJT and ExpressJet. Holdings, XJT and ExpressJet, jointly and severally, represent, warrant and covenant to Continental as of the date hereof as follows:

(a) Organization and Qualification. Each of Holdings,

XJT and ExpressJet is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware and has the corporate power and authority to own, operate and use its assets and operate the Regional Airline Services.

(b) Authority Relative to this Agreement. Each of

Holdings, XJT and ExpressJet has the corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby in accordance with the terms hereof. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of each of Holdings, XJT and ExpressJet. This Agreement has been duly and validly executed and delivered by each of Holdings, XJT and ExpressJet and is, assuming due execution and delivery thereof by Continental and that Continental has legal power and right to enter into this Agreement, a valid and binding obligation of each of Holdings, XJT and ExpressJet, enforceable against each of Holdings, XJT and ExpressJet in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally and legal principles of general applicability governing the availability of equitable remedies (whether considered in a proceeding in equity or at

law or otherwise under applicable law).

(c) Conflicts; Defaults. Neither the execution or delivery of this Agreement nor the performance by each of Holdings, XJT and ExpressJet of the transactions contemplated hereby will (i) violate, conflict with, or constitute a default under any of the terms of either Holdings', XJT's or ExpressJet's certificate of incorporation, by-laws, or any provision of, or result in the acceleration of any obligation under, any material contract, sales commitment, license, purchase order, security agreement, mortgage, note, deed, lien, lease or

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other agreement to which Holdings, XJT or ExpressJet is a party, (ii) result in the creation or imposition of liens in favor of any third person or entity, (iii) violate any law, statute, judgment, decree, order, rule or regulation of any governmental authority, or (iv) constitute any event which, after notice or lapse of time or both, would result in such violation, conflict, default, acceleration or creation or imposition of liens.

(d) Broker. None of Holdings, XJT or ExpressJet has retained or agreed to pay any broker or finder with respect to this Agreement and the transactions contemplated hereby.

(e) Board Designee. At all times during the Term, with respect to XJT and ExpressJet, and, with respect only to Holdings, when Continental has ceased to elect at least one director pursuant to its ownership of special voting preferred stock of Holdings, each of Holdings, XJT and ExpressJet agrees that it will endeavor to ensure that an individual designated from time to time by Continental (who shall not be a director, officer or employee of Continental) shall be a member of the board of directors of Holdings, XJT or ExpressJet, as the case may be. In furtherance of such endeavors, at the time of any nomination, appointment or election of any board member of Holdings, XJT or ExpressJet, when no Continental designee is a member of such board, and, with respect only to Holdings, when Continental has ceased to elect at least one director pursuant to its ownership of special voting preferred stock of Holdings, then Holdings, XJT or ExpressJet, as the case may be, shall nominate or appoint, as the case may be, an individual designated by Continental at such time and, in the event of a shareholders vote, shall recommend to shareholders such individual's election to the board. In addition, at any time when no Continental designee is a member of its board and at Continental's request, Holdings, XJT or ExpressJet, as the case may be, shall invite the individual designated by Continental at such time to attend all board meetings (including telephonic meetings) and review all actions taken without a meeting, and shall provide such individual, at the same time as provided to board members, all materials provided to board members in connection with such meetings or actions taken without a meeting.

Section 10.02 Representations and Warranties of Continental. Continental represents and warrants to Holdings, XJT and ExpressJet as of the date hereof as follows:

(a) Organization and Qualification. Continental is a duly incorporated and validly existing corporation in good standing under the laws of the State of Delaware.

(b) Authority Relative to this Agreement. Continental has the corporate power and authority to execute and deliver this

Agreement and to consummate the transactions contemplated hereby in accordance with the terms hereof. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of Continental. This Agreement has been duly and

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validly executed and delivered by Continental and is, assuming due execution and delivery thereof by Holdings, XJT and ExpressJet and that Holdings, XJT and ExpressJet each has legal power and right to enter into this Agreement, a valid and binding obligation of Continental, enforceable against Continental in accordance with its terms, except as enforcement hereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting the enforcement of creditors' rights generally and legal principles of general applicability governing the availability of equitable remedies (whether considered in a proceeding in equity or at law or otherwise under applicable law).

(c) Conflicts; Defaults. Neither the execution or delivery of this Agreement nor the performance by Continental of the transactions contemplated hereby will (i) violate, conflict with, or constitute a default under any of the terms of Continental's certificate of incorporation, by-laws, or any provision of, or result in the acceleration of any obligation under, any material contract, sales commitment, license, purchase order, security agreement, mortgage, note, deed, lien, lease or other agreement to which Continental is a party, (ii) result in the creation or imposition of any liens in favor of any third person or entity, (iii) violate any law, statute, judgment, decree, order, rule or regulation of any governmental authority, or (iv) constitute any event which, after notice or lapse of time or both, would result in such violation, conflict, default, acceleration or creation or imposition of liens.

(d) Broker. Continental has not retained or agreed to pay any broker or finder with respect to this Agreement and the transactions contemplated hereby.

ARTICLE XI

MISCELLANEOUS

Section 11.01 Amendment of Certain Contracts. Without Continental's express prior written consent, Contractor shall not amend, supplement, grant a waiver or extension under, or otherwise modify (i) the Embraer Contract in any manner that results in changes to the pricing, number or delivery schedule of firm-order and option aircraft subject to such agreements, the financing or leasing arrangements contained therein, or any other changes that may be expected to adversely affect Continental's rights, benefits or obligations under this Agreement or Contractor's ability to perform hereunder, or (ii) the Flight Hour Agreement in any manner that adversely affects the engine maintenance costs of Contractor or Continental in respect of the Covered Aircraft. Contractor agrees to consent to any amendment of the Embraer Contract that reduces the financing or other obligations of Continental under the Embraer Contract, provided that such amendment does not increase the obligations of Contractor under such contract, it being understood that such amendment shall not discharge or otherwise reduce Continental's obligations under Article V.

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Section 11.02 Notices. All notices made pursuant to this Agreement shall be in writing and shall be deemed given upon (a) a transmitter's confirmation of a receipt of a facsimile transmission (but only if followed by confirmed delivery by a standard overnight courier the following Business Day or if delivered by hand the following Business Day), or (b) confirmed delivery by a standard overnight courier or delivered by hand, to the parties at the following addresses:

if to Continental:

Continental Airlines, Inc.

1600 Smith Street, HQSCD

Houston, Texas 77002

Attention: Senior Vice President - Corporate Development

Telecopy No.: (713) 324-3229

with a copy to:

Continental Airlines, Inc.

1600 Smith Street, HQSLG

Houston, Texas 77002

Attention: General Counsel

Telecopy No.: (713) 324-5161

if to Holdings, XJT or ExpressJet to:

ExpressJet Holdings, Inc.

1600 Smith Street, HQSCE

Houston, Texas 77002

Attention: Chief Financial Officer

Telecopy No.: (713) 324-4420

or to such other address as any party hereto may have furnished to the other parties by a notice in writing in accordance with this Section 11.02.

Section 11.03 Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon the parties hereto and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except with respect to a merger of either party with another Person, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any party hereto without the prior written consent of the other parties.

Section 11.04 Amendment and Modification. This Agreement may not be amended or modified in any respect except by a written agreement signed by the parties hereto.

Section 11.05 Waiver. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or

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prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if it is in writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided in this Agreement, no delay or omission on the part of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege under this Agreement. No failure by any party to take any action or assert any right or privilege hereunder shall be deemed to be a waiver of such right or privilege in the event of the continuation or repetition of the circumstances giving rise to such right unless expressly waived in writing by each party against whom the existence of such waiver is asserted.

Section 11.06 Interpretation. The table of contents and the section and other headings and subheadings contained in this Agreement and in the exhibits and schedules hereto are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Agreement or any exhibit or schedule hereto. All references to days or months shall be deemed references to calendar days or months. All references to "\$" shall be deemed references to United States dollars. Unless the context otherwise requires, any reference to an "Article," a "Section," an "Exhibit," or a "Schedule" shall be deemed to refer to a section of this Agreement or an exhibit or schedule to this Agreement, as applicable. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words "include," "includes" or "in cluding" are used in this Agreement, unless otherwise specifically provided, they shall be deemed to be followed by the words "without limitation." This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing the document to be drafted.

Section 11.07 Confidentiality. Except as required by law or in any proceeding to enforce the provisions of this Agreement, Continental, ExpressJet, XJT and Holdings hereby agree not to publicize or disclose to any third party the terms or conditions of this Agreement or any of the Ancillary Agreements, or any exhibit, schedule or appendix hereto or thereto, without the prior written consent of the other parties thereto. Except as required by law or in any proceeding to enforce the provisions of this Agreement or any of the Ancillary Agreements, Continental, ExpressJet, XJT and Holdings hereby agree not to disclose to any third party any confidential information or data, both oral and written, received from the other, whether pursuant to or in connection with this Agreement or any of the Ancillary Agreements, and designated as such by the other without the prior written consent of the party providing such confidential information or data. Continental, ExpressJet, XJT and Holdings hereby agree not to use any such confidential information or data of the other party other than in connection with performing their respective obligations or enforcing their respective rights under this Agreement or any of the Ancillary Agreements, or as otherwise expressly contemplated by this Agreement or any of the Ancillary Agreements. If any party is served with a subpoena or other process requiring the production or disclosure of any of such

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agreements or information, then the party receiving such subpoena or other process, before complying with such subpoena or other process, shall immediately notify the other parties of same and permit said other parties a reasonable period of time to intervene and contest disclosure or production. Upon termination of this Agreement, each party must return to each other any confidential information or data received from the other and designated as such by the party providing such confidential information or data which is still in the recipient's possession or control. The provisions of this Section 11.07 shall survive the termination of this Agreement for a period of ten years.

Section 11.08 Arbitration.

(a) Agreement to Arbitrate. Subject to Section 11.11, any and all claims, demands, causes of action, disputes, controversies, and other matters in question arising out of or primarily relating to Article III or Schedule 3 to this Agreement, including without limitation the definition of any term used therein (all of which are referred to herein as "Claims") shall be resolved by binding arbitration pursuant to the Federal Arbitration Act. Each of the parties agrees that arbitration under this Section 11.08 is the exclusive method for resolving any Claim and that it will not commence an action or proceeding based on a Claim hereunder, except to enforce the arbitrators' decisions as provided in this Section 11.08, to compel any other party to participate in arbitration under this Section 11.08 or as otherwise provided in Section 11.11. The governing law for any such action or proceeding shall be the law set forth in Section 11.08(f).

(b) Initiation of Arbitration. If any Claim has not been resolved by mutual agreement on or before the 15th day following the first notice of the subject matter of the Claim to or from a disputing party, then the arbitration may be initiated by any party by providing to the others a written notice of arbitration specifying the Claim or Claims to be arbitrated. If a party refuses to honor its obligations under this agreement to arbitrate, any other party may compel arbitration in either federal or state court.

(c) Place of Arbitration. The arbitration proceeding shall be conducted in Houston, Texas, or some other place mutually agreed upon by the parties.

(d) Selection of Arbitrators. Within thirty days of the notice initiating the arbitration procedure, each party shall designate one arbitrator, who shall not be disqualified on the basis of minimal past or present relationships with the party appointing such arbitrator. If a party fails to designate an arbitrator, the other party may have an arbitrator appointed by applying to the senior active United States District Judge for the Southern District of Texas. The two arbitrators so selected shall then select a third arbitrator. If the two arbitrators chosen by the parties fail to agree on the third arbitrator, then the parties (or either of them) may apply to the senior active United States District Judge for the Southern District of Texas for the appointment of a third arbitrator. The third arbitrator shall take an oath of neutrality. The three arbitrators shall make all of

their decisions by majority vote. Evident partiality on the part of an arbitrator exists only where the circumstances are such that a reasonable person would have to conclude there in fact existed actual bias and a mere appearance or impression of bias will not constitute evident partiality or otherwise disqualify an arbitrator. Minimal or trivial past or present relationships between the neutral arbitrator and the party selecting such arbitrator or any of the other arbitrators, or the failure to disclose such minimal or trivial past or present relationships, will not by themselves constitute evident partiality or otherwise disqualify any arbitrator.

(e) Choice of Law as to Procedural Matters. The enforcement of this agreement to arbitrate, the making, validity, construction, and interpretation of this agreement to arbitrate, and all procedural aspects of the proceeding pursuant to this agreement to arbitrate, including but not limited to, the issues subject to arbitration (i.e., arbitrability), the scope of the arbitrable issues, allegations of waiver, delay or defenses to arbitrability, and the rules governing the conduct of the arbitration, shall be governed by and construed pursuant to the Federal Arbitration Act.

(f) Choice of Law as to Substantive Claims. In deciding the substance of the parties' Claims, the arbitrators shall apply the substantive laws of the State of Texas (excluding Texas choice-of-law principles that might call for the application of the law of another jurisdiction).

(g) Procedure. Except as modified in this Agreement, the arbitration shall be conducted in accordance with the rules of arbitration of the Federal Arbitration Act and, to the extent an issue is not addressed by the federal law of arbitration, by the Commercial Arbitration Rules of the American Arbitration Association. It is contemplated that although the arbitration shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association, the arbitration proceeding will be self-administered by the parties; provided, however, that if a party believes the process will be enhanced if it is administered by the American Arbitration Association, such party shall have the right to cause the process to become administered by the American Arbitration Association by applying to the American Arbitration Association and, thereafter, the arbitration shall be conducted pursuant to the administration of the American Arbitration Association. In determining the extent of discovery, the number and length of depositions, and all other pre-hearing matters, the arbitrators shall endeavor to the extent possible to streamline the proceedings and minimize the time and cost of the proceedings.

(h) Final Hearing. The final hearing shall be conducted within 120 days of the selection of the third arbitrator. The final hearing shall not exceed ten working days, with each party to be granted one-half of the allocated time to present its case to the arbitrators.

(i) Damages. Only actual damages may be awarded. It is expressly agreed that the arbitrators shall have no authority to award treble,

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exemplary or punitive damages of any type under any circumstances regardless of whether such damages may be available under the applicable law.

(j) Decision of the Arbitration. The arbitrators shall render their final decision within twenty days of the completion of the final hearing completely resolving all of the Claims that are the subject of the arbitration proceeding. The arbitrators' ultimate decision after final hearing shall be in writing. The arbitrators shall certify in their decision that no part of their award includes any amount for treble, exemplary or punitive damages. The arbitrators'

decision shall be final and non-appealable to the maximum extent permitted by law. Any and all of the arbitrators' orders and decisions may be enforceable in, and judgment upon any award rendered in the arbitration proceeding may be confirmed and entered by, any federal or state court having jurisdiction.

(k) Confidentiality. All proceedings conducted hereunder and the decision of the arbitrators shall be kept confidential by the parties.

Section 11.09 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Agreement may be executed by facsimile signature.

Section 11.10 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 11.11 Equitable Remedies. Each of Continental, Holdings, XJT and ExpressJet acknowledges and agrees that under certain circumstances the breach by Continental, Holdings, XJT or ExpressJet of a term or provision of this Agreement will materially and irreparably harm the other party, that money damages will accordingly not be an adequate remedy for such breach and that the non-defaulting party, in its sole discretion and in addition to its rights under this Agreement and any other remedies it may have at law or in equity, may apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any breach of the provisions of this Agreement.

Section 11.12 Relationship of Parties. Nothing in this Agreement shall be interpreted or construed as establishing between the parties a partnership, joint venture or other similar arrangement.

Section 11.13 Entire Agreement. This Agreement (including the exhibits and schedules hereto) and the Ancillary Agreements are intended by the parties as a complete statement of the entire agreement and understanding of the parties with respect to the subject matter hereof and all matters between the parties related to the subject matter herein or therein set forth.

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Section 11.14 Governing Law. Except with respect to matters referenced in Section 11.08(e) (which shall be governed by and construed pursuant to the Federal Arbitration Act), this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (excluding Texas choice-of-law principles that might call for the application of the law of another jurisdiction) as to all matters, including matters of validity, construction, effect, performance and remedies. Except as otherwise provided in Section 11.08(e), any action arising out of this Agreement or the rights and duties of the parties arising hereunder may be brought, if at all, only in the state or federal courts located in Harris County, Texas.

Section 11.15 Guarantees.

(a) Holdings Guarantee. Holdings hereby unconditionally and irrevocably guarantees to Continental the due and punctual performance by each of XJT and ExpressJet of all of their obligations arising under this Agreement and the Ancillary Agreements.

If either XJT or ExpressJet shall fail or be unable to perform such obligations as and when the same shall be required to be performed, then Holdings shall be obligated to perform or cause to be performed such obligations in accordance with the terms hereof and thereof. This guaranty is a guaranty of payment, performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to collect from or enforce performance or compliance by ExpressJet or XJT or upon any other event or condition whatsoever.

(b) XJT Guarantee. XJT hereby unconditionally and irrevocably guarantees to Continental the due and punctual performance by ExpressJet of all of its obligations arising under this Agreement and the Ancillary Agreements. If ExpressJet shall fail or be unable to perform such obligations as and when the same shall be required to be performed, then XJT shall be obligated to perform or cause to be performed such obligations in accordance with the terms hereof and thereof. This guaranty is a guaranty of payment, performance and compliance and not of collectibility and is in no way conditioned or contingent upon any attempt to collect from or enforce performance or compliance by ExpressJet or upon any other event or condition whatsoever.

Section 11.16 Right of Set-Off. If (i) any party hereto shall be in default hereunder to any other party, (ii) Contractor shall be in default under any Covered Aircraft Sublease or Uncovered Aircraft Sublease, (iii) Contractor shall be in default under that certain promissory note, dated as of March 31, 2001, payable by Contractor in favor of Continental, or (iv) any party to any tax agreement among the parties hereto shall be in default to any other party thereunder, then in any such case the non-defaulting party shall be entitled to set off from any payment owed by such non-defaulting party to the defaulting party hereunder any amount owed by the defaulting party to the non-defaulting party thereunder; provided that contemporaneously with any such set-off, the

non-defaulting party shall give written notice of such action to the defaulting party; provided further that the failure to give such notice shall not affect the validity of the set-off. It is specifically agreed that (i) for purposes of the set-off by any non-defaulting party, mutuality shall be deemed to exist among Continental, Holdings, XJT and ExpressJet; (ii) reciprocity among Continental, Holdings, XJT and ExpressJet exists with respect to their relative rights and obligations in respect of any such set-off; and (iii) the right of set-off is given as additional security to induce the parties to enter into the transactions contemplated hereby and by the Ancillary Agreements. Upon completion of any such set-off, the obligation of the defaulting party to the non-defaulting party shall be extinguished to the extent of the amount so set-off. Each party hereto further waives any right to assert as a defense to any attempted set-off the requirements of liquidation or mutuality. This set-off provision shall be without prejudice, and in addition, to any right of set-off, combination of accounts, lien or other right to which any non-defaulting party is at any time otherwise entitled (either by operation of law, contract or otherwise).

Section 11.17 Cooperation with Respect to Reporting. Each of the parties hereto agrees to use its commercially reasonable efforts to cooperate with each other party in providing necessary data, to the extent in the possession of the first party, required by such other party in order to meet any reporting requirements to, or otherwise in connection with any filing with or provision of information to be made to, any regulatory agency or other governmental authority.

IN WITNESS WHEREOF, the parties hereto have caused this Amended and Restated Capacity Purchase Agreement to be duly executed and delivered as of the date and year first written above.

CONTINENTAL AIRLINES, INC.

By:

Name: Jeffery A. Smisek

Title: Executive Vice President- Corporate

EXPRESSJET HOLDINGS, INC.

By:

Name: James B. Ream

Title: President and Chief Executive Officer

XJT HOLDINGS, INC.

By:

Name: James B. Ream

Title: President and Chief Executive Officer

EXPRESSJET AIRLINES, INC.

By:

Name: James B. Ream

Title: President and Chief Executive Officer

COVERED AIRCRAFT

ERJ-145 AIRCRAFT

ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

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ERJ-145ER	925	N14925	145004	Delivered
ERJ-145ER	926	N15926	145005	Delivered
ERJ-145ER	927	N16927	145006	Delivered
ERJ-145ER	928	N17928	145007	Delivered
ERJ-145ER	929	N13929	145009	Delivered
ERJ-145ER	930	N14930	145011	Delivered
ERJ-145ER	932	N15932	145015	Delivered
ERJ-145ER	933	N14933	145018	Delivered
ERJ-145ER	934	N12934	145019	Delivered
ERJ-145ER	935	N13935	145022	Delivered
ERJ-145ER	936	N13936	145025	Delivered
ERJ-145ER	937	N14937	145026	Delivered
ERJ-145ER	938	N14938	145029	Delivered
ERJ-145ER	939	N14939	145030	Delivered
ERJ-145ER	940	N14940	145033	Delivered
ERJ-145ER	941	N15941	145035	Delivered
ERJ-145ER	942	N14942	145037	Delivered
ERJ-145ER	943	N14943	145040	Delivered
ERJ-145ER	944	N16944	145045	Delivered
ERJ-145ER	945	N14945	145049	Delivered
ERJ-145ER	946	N12946	145052	Delivered
ERJ-145ER	947	N14947	145054	Delivered
ERJ-145ER	948	N15948	145056	Delivered
ERJ-145LR	949	N13949	145057	Delivered
ERJ-145LR	950	N14950	145061	Delivered
ERJ-145LR	951	N16951	145063	Delivered
ERJ-145LR	952	N14952	145067	Delivered
ERJ-145LR	953	N14953	145071	Delivered
ERJ-145LR	954	N16954	145072	Delivered
ERJ-145LR	955	N13955	145075	Delivered
ERJ-145LR	956	N13956	145078	Delivered
ERJ-145LR	957	N12957	145080	Delivered
ERJ-145LR	958	N13958	145085	Delivered
ERJ-145LR	959	N14959	145091	Delivered
ERJ-145LR	960	N14960	145100	Delivered
ERJ-145LR	961	N16961	145103	Delivered
ERJ-145LR	962	N27962	145110	Delivered
ERJ-145LR	963	N16963	145116	Delivered
ERJ-145LR	964	N13964	145123	Delivered
ERJ-145LR	965	N13965	145125	Delivered
ERJ-145LR	966	N19966	145131	Delivered
ERJ-145LR	967	N12967	145133	Delivered
ERJ-145LR	968	N13968	145138	Delivered

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ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

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ERJ-145LR	969	N13969	145141	Delivered
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ERJ-145LR 970 N13970 145146 Delivered
ERJ-145LR 971 N22971 145149 Delivered
ERJ-145LR 972 N14972 145151 Delivered
ERJ-145LR 973 N15973 145159 Delivered
ERJ-145LR 974 N14974 145161 Delivered
ERJ-145LR 975 N13975 145163 Delivered
ERJ-145LR 976 N16976 145171 Delivered
ERJ-145LR 977 N14977 145175 Delivered
ERJ-145LR 978 N13978 145180 Delivered
ERJ-145LR 979 N13979 145181 Delivered
ERJ-145LR 980 N15980 145202 Delivered
ERJ-145LR 981 N16981 145208 Delivered
ERJ-145LR 982 N18982 145223 Delivered
ERJ-145LR 983 N15983 145239 Delivered
ERJ-145LR 984 N17984 145246 Delivered
ERJ-145LR 985 N15985 145248 Delivered
ERJ-145LR 986 N15986 145254 Delivered
ERJ-145LR 987 N16987 145261 Delivered
ERJ-145LR 988 N13988 145265 Delivered
ERJ-145LR 989 N13989 145271 Delivered
ERJ-145LR 990 N13990 145277 Delivered
ERJ-145LR 991 N14991 145278 Delivered
ERJ-145LR 992 N13992 145284 Delivered
ERJ-145LR 993 N14993 145289 Delivered
ERJ-145LR 994 N13994 145291 Delivered
ERJ-145LR 995 N13995 145295 Delivered
ERJ-145LR 996 N12996 145296 Delivered
ERJ-145LR 997 N13997 145298 Delivered
ERJ-145LR 998 N14998 145302 Delivered
ERJ-145LR 999 N16999 145307 Delivered
ERJ-145LR 924 N12924 145311 Delivered
ERJ-145LR 923 N14923 145318 Delivered
ERJ-145LR 922 N12922 145338 Delivered
ERJ-145LR 921 N12921 145354 Delivered

Aircraft 80 ERJ-145LR Firm
Aircraft 81 ERJ-145LR Firm
Aircraft 82 ERJ-145LR Firm
Aircraft 83 ERJ-145LR Firm
Aircraft 84 ERJ-145LR Firm
Aircraft 85 ERJ-145LR Firm
Aircraft 86 ERJ-145LR Firm
Aircraft 87 ERJ-145LR Firm
Aircraft 88 ERJ-145LR Firm
Aircraft 89 ERJ-145LR Firm
Aircraft 90 ERJ-145LR Firm
Aircraft 91 ERJ-145LR Firm

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ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

=====

Aircraft 92 ERJ-145LR Firm
Aircraft 93 ERJ-145LR Firm
Aircraft 94 ERJ-145LR Firm

Aircraft 95 ERJ-145LR Firm
Aircraft 96 ERJ-145LR Firm
Aircraft 97 ERJ-145LR Firm
Aircraft 98 ERJ-145LR Firm
Aircraft 99 ERJ-145LR Firm
Aircraft 100 ERJ-145LR Firm
Aircraft 101 ERJ-145LR Firm
Aircraft 102 ERJ-145LR Firm
Aircraft 103 ERJ-145LR Firm
Aircraft 104 ERJ-145LR Firm
Aircraft 105 ERJ-145LR Firm
Aircraft 106 ERJ-145LR Firm
Aircraft 107 ERJ-145LR Firm
Aircraft 108 ERJ-145LR Firm
Aircraft 109 ERJ-145LR Firm
Aircraft 110 ERJ-145LR Firm
Aircraft 111 ERJ-145LR Firm
Aircraft 112 ERJ-145LR Firm
Aircraft 113 ERJ-145LR Firm
Aircraft 114 ERJ-145LR Firm
Aircraft 115 ERJ-145LR Firm
Aircraft 116 ERJ-145LR Firm
Aircraft 117 ERJ-145LR Firm
Aircraft 118 ERJ-145LR Firm
Aircraft 119 ERJ-145LR Firm
Aircraft 120 ERJ-145LR Firm
Aircraft 121 ERJ-145LR Firm
Aircraft 122 ERJ-145LR Firm
Aircraft 123 ERJ-145LR Firm
Aircraft 124 ERJ-145LR Firm
Aircraft 125 ERJ-145LR Firm
Aircraft 126 ERJ-145LR Firm
Aircraft 127 ERJ-145LR Firm
Aircraft 128 ERJ-145LR Firm
Aircraft 129 ERJ-145LR Firm
Aircraft 130 ERJ-145LR Firm
Aircraft 131 ERJ-145LR Firm
Aircraft 132 ERJ-145LR Firm
Aircraft 133 ERJ-145LR Firm
Aircraft 134 ERJ-145LR Firm
Aircraft 135 ERJ-145LR Firm
Aircraft 136 ERJ-145LR Firm
Aircraft 137 ERJ-145LR Firm
Aircraft 138 ERJ-145LR Firm

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ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

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Aircraft 139 ERJ-145LR Firm
Aircraft 140 ERJ-145LR Firm
Aircraft 141 ERJ-145LR Firm
Aircraft 142 ERJ-145LR Firm
Aircraft 143 ERJ-145LR Firm

Aircraft 144 ERJ-145LR Firm
Aircraft 145 ERJ-145LR Firm
Aircraft 146 ERJ-145LR Firm
Aircraft 147 ERJ-145LR Firm
Aircraft 148 ERJ-145LR Firm
Aircraft 149 ERJ-145LR Firm
Aircraft 150 ERJ-145LR Firm
Aircraft 151 ERJ-145LR Firm
Aircraft 152 ERJ-145LR Firm
Aircraft 153 ERJ-145LR Firm
Aircraft 154 ERJ-145LR Firm
Aircraft 155 ERJ-145LR Firm
Aircraft 156 ERJ-145LR Firm
Aircraft 157 ERJ-145LR Firm
Aircraft 158 ERJ-145LR Firm
Aircraft 159 ERJ-145LR Firm
Aircraft 1 ERJ-145XR Firm
Aircraft 2 ERJ-145XR Firm
Aircraft 3 ERJ-145XR Firm
Aircraft 4 ERJ-145XR Firm
Aircraft 5 ERJ-145XR Firm
Aircraft 6 ERJ-145XR Firm
Aircraft 7 ERJ-145XR Firm
Aircraft 8 ERJ-145XR Firm
Aircraft 9 ERJ-145XR Firm
Aircraft 10 ERJ-145XR Firm
Aircraft 11 ERJ-145XR Firm
Aircraft 12 ERJ-145XR Firm
Aircraft 13 ERJ-145XR Firm
Aircraft 14 ERJ-145XR Firm
Aircraft 15 ERJ-145XR Firm
Aircraft 16 ERJ-145XR Firm
Aircraft 17 ERJ-145XR Firm
Aircraft 18 ERJ-145XR Firm
Aircraft 19 ERJ-145XR Firm
Aircraft 20 ERJ-145XR Firm
Aircraft 21 ERJ-145XR Firm
Aircraft 22 ERJ-145XR Firm
Aircraft 23 ERJ-145XR Firm
Aircraft 24 ERJ-145XR Firm
Aircraft 25 ERJ-145XR Firm

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ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

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Aircraft 26 ERJ-145XR Firm
Aircraft 27 ERJ-145XR Firm
Aircraft 28 ERJ-145XR Firm
Aircraft 29 ERJ-145XR Firm
Aircraft 30 ERJ-145XR Firm
Aircraft 31 ERJ-145XR Firm
Aircraft 32 ERJ-145XR Firm
Aircraft 33 ERJ-145XR Firm

Aircraft 34 ERJ-145XR Firm
Aircraft 35 ERJ-145XR Firm
Aircraft 36 ERJ-145XR Firm
Aircraft 37 ERJ-145XR Firm
Aircraft 38 ERJ-145XR Firm
Aircraft 39 ERJ-145XR Firm
Aircraft 40 ERJ-145XR Firm
Aircraft 41 ERJ-145XR Firm
Aircraft 42 ERJ-145XR Firm
Aircraft 43 ERJ-145XR Firm
Aircraft 44 ERJ-145XR Firm
Aircraft 45 ERJ-145XR Firm
Aircraft 46 ERJ-145XR Firm
Aircraft 47 ERJ-145XR Firm
Aircraft 48 ERJ-145XR Firm
Aircraft 49 ERJ-145XR Firm
Aircraft 50 ERJ-145XR Firm
Aircraft 51 ERJ-145XR Firm
Aircraft 52 ERJ-145XR Firm
Aircraft 53 ERJ-145XR Firm
Aircraft 54 ERJ-145XR Firm
Aircraft 55 ERJ-145XR Firm
Aircraft 56 ERJ-145XR Firm
Aircraft 57 ERJ-145XR Firm
Aircraft 58 ERJ-145XR Firm
Aircraft 59 ERJ-145XR Firm
Aircraft 60 ERJ-145XR Firm
Aircraft 61 ERJ-145XR Firm
Aircraft 62 ERJ-145XR Firm
Aircraft 63 ERJ-145XR Firm
Aircraft 64 ERJ-145XR Firm
Aircraft 65 ERJ-145XR Firm
Aircraft 66 ERJ-145XR Firm
Aircraft 67 ERJ-145XR Firm
Aircraft 68 ERJ-145XR Firm
Aircraft 69 ERJ-145XR Firm
Aircraft 70 ERJ-145XR Firm
Aircraft 71 ERJ-145XR Firm
Aircraft 72 ERJ-145XR Firm

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ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

=====

Aircraft 73 ERJ-145XR Firm
Aircraft 74 ERJ-145XR Firm
Aircraft 75 ERJ-145XR Firm
Aircraft 76 ERJ-145XR Firm
Aircraft 77 ERJ-145XR Firm
Aircraft 78 ERJ-145XR Firm
Aircraft 79 ERJ-145XR Firm
Aircraft 80 ERJ-145XR Firm
Aircraft 81 ERJ-145XR Firm

Aircraft 82 ERJ-145XR Firm
Aircraft 83 ERJ-145XR Firm
Aircraft 84 ERJ-145XR Firm
Aircraft 85 ERJ-145XR Firm
Aircraft 86 ERJ-145XR Firm

ERJ-135 AIRCRAFT

ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

=====

ERJ-135ER 501 N16501 145145 Delivered
ERJ-135ER 502 N16502 145166 Delivered
ERJ-135ER 503 N19503 145176 Delivered
ERJ-135ER 504 N25504 145186 Delivered
ERJ-135ER 505 N14505 145192 Delivered
ERJ-135ER 506 N27506 145206 Delivered
ERJ-135ER 507 N17507 145215 Delivered
ERJ-135ER 508 N14508 145220 Delivered
ERJ-135ER 509 N15509 145238 Delivered
ERJ-135ER 510 N16510 145251 Delivered
ERJ-135ER 511 N16511 145267 Delivered
ERJ-135ER 512 N27512 145274 Delivered
ERJ-135LR 513 N17513 145292 Delivered
ERJ-135LR 514 N14514 145303 Delivered
ERJ-135LR 515 N29515 145309 Delivered
ERJ-135LR 516 N14516 145323 Delivered
ERJ-135LR 517 N24517 145332 Delivered
ERJ-135LR 518 N28518 145334 Delivered

Aircraft 19 ERJ-135LR Firm
Aircraft 20 ERJ-135LR Firm
Aircraft 21 ERJ-135LR Firm
Aircraft 22 ERJ-135LR Firm
Aircraft 23 ERJ-135LR Firm

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ORDER 1/1/01

NUMBER AIRCRAFT TAIL US REG MSN STATUS

=====

Aircraft 24 ERJ-135LR Firm
Aircraft 25 ERJ-135LR Firm
Aircraft 26 ERJ-135LR Firm
Aircraft 27 ERJ-135LR Firm
Aircraft 28 ERJ-135LR Firm
Aircraft 29 ERJ-135LR Firm
Aircraft 30 ERJ-135LR Firm

CONVERTED ORDERS NEW ORDER

Aircraft 31 ERJ-135LR 145LR Firm
Aircraft 32 ERJ-135LR 145LR Firm
Aircraft 33 ERJ-135LR 145LR Firm
Aircraft 34 ERJ-135LR 145LR Firm
Aircraft 35 ERJ-135LR 145LR Firm
Aircraft 36 ERJ-135LR 145LR Firm
Aircraft 37 ERJ-135LR 145LR Firm

Aircraft 38 ERJ-135LR 145LR Firm
Aircraft 39 ERJ-135LR 145LR Firm
Aircraft 40 ERJ-135LR 145XR Firm
Aircraft 41 ERJ-135LR 145XR Firm
Aircraft 42 ERJ-135LR 145XR Firm
Aircraft 43 ERJ-135LR 145XR Firm
Aircraft 44 ERJ-135LR 145XR Firm
Aircraft 45 ERJ-135LR 145XR Firm
Aircraft 46 ERJ-135LR 145XR Firm
Aircraft 47 ERJ-135LR 145XR Firm
Aircraft 48 ERJ-135LR 145XR Firm
Aircraft 49 ERJ-135LR 145XR Firm
Aircraft 50 ERJ-135LR 145XR Firm

TURBOPROP AIRCRAFT

TAIL AIRCRAFT US REG

=====

811 ATR-42-320 N25811
812 ATR-42-320 N19812
813 ATR-42-320 N14813
814 ATR-42-320 N18814
815 ATR-42-320 N14815
816 ATR-42-320 N15816
817 ATR-42-320 N34817

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TAIL AIRCRAFT US REG

=====

818 ATR-42-320 N15818
819 ATR-42-320 N14819
820 ATR-42-320 N34820
821 ATR-42-320 N14821
822 ATR-42-320 N14822
823 ATR-42-320 N15823
824 ATR-42-320 N16824
825 ATR-42-320 N14825
826 ATR-42-320 N26826
827 ATR-42-320 N15827
828 ATR-42-320 N14828
829 ATR-42-320 N14829
830 ATR-42-320 N14830
831 ATR-42-320 N17831
832 ATR-42-320 N14832
833 ATR-42-320 N14833
834 ATR-42-320 N14834
835 ATR-42-320 N11835
836 ATR-42-320 N42836
837 ATR-42-320 N21837
838 ATR-42-320 N99838
840 ATR-42-320 N93840
841 ATR-42-320 N97841
842 ATR-42-320 N86842

712 EMB-120ER N34712
713 EMB-120ER N15713
715 EMB-120ER N12715
716 EMB-120ER N27716
717 EMB-120ER N40717
718 EMB-120ER N16718
720 EMB-120ER N17720
722 EMB-120ER N47722
723 EMB-120ER N16723
724 EMB-120ER N16724
725 EMB-120ER N15725
726 EMB-120ER N51726
727 EMB-120ER N22727
728 EMB-120ER N17728
729 EMB-120ER N16729
730 EMB-120ER N15730

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TAIL AIRCRAFT US REG

=====

731 EMB-120ER N16731
732 EMB-120ER N15732
733 EMB-120ER N58733
734 EMB-120ER N57734
534 B1900-D N17534
538 B1900-D N81538
540 B1900-D N16540
541 B1900-D N17541
542 B1900-D N47542
543 B1900-D N49543
544 B1900-D N48544
546 B1900-D N81546
547 B1900-D N69547
548 B1900-D N69548
549 B1900-D N69549
550 B1900-D N87550
551 B1900-D N87551
552 B1900-D N87552
553 B1900-D N81553
554 B1900-D N87554
555 B1900-D N87555
556 B1900-D N81556
557 B1900-D N87557

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SCHEDULE 2

CONTINENTAL INCREASED LEASE RATE

CALCULATIONS FOR UNCOVERED AIRCRAFT SUBLEASES

The interest rate used in a Covered Aircraft Sublease relating to an aircraft to determine the lease payments thereunder shall be increased by 200 basis points and used to determine the lease payments under the Uncovered Aircraft Sublease for the same aircraft.

SCHEDULE 3

A. Base and Incentive Compensation. The following provisions shall apply for all applicable periods through December 31, 2004:

1. Base Compensation. For each calendar month, "Base Compensation" shall equal the sum of (i) (a) the First Benchmark Factor multiplied by (b) the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: the First Adjusted Block Hour Rate for the applicable aircraft type multiplied by the number of block hours of Scheduled Flights set forth on the Final Monthly Schedule for such month for such aircraft type and (ii) the Appendix 1 Expenses set forth in column 1 of Appendix 1 for such calendar month as may be adjusted pursuant to Paragraph (A)(3) of this Schedule 3.

The "First Benchmark Factor" for each calendar month equals one minus the sum of the First Cancellation Rate for such calendar month and the Second Cancellation Rate for such calendar month. The First Benchmark Factor for each month in 2001 is set forth in Appendix 2.

The "First Adjusted Block Hour Rate" for a particular aircraft type and a particular month equals (i) the applicable Appendix 3 Block Hour Rate set forth on Appendix 3 for such aircraft type and month, minus (ii) the sum of (a) the Appendix 4 Block Hour Rate set forth on Appendix 4 for such aircraft type and month, (b) the Appendix 5 Block Hour Rate set forth on Appendix 5 for such aircraft type and month and (c) the Appendix 6 Block Hour Rate set forth on Appendix 6 for such aircraft type and month, plus (iii) the sum of (x) the Second Adjusted Block Hour Rate for such aircraft type and month, (y) the Third Adjusted Block Hour Rate for such aircraft type and month and (z) the Fourth Adjusted Block Hour Rate for such aircraft type and month.

The "Second Adjusted Block Hour Rate" for a particular aircraft type and a particular month is obtained by multiplying the Appendix 4 Block Hour Rate for such aircraft type and month by the Appendix 7 Block Hours set forth on Appendix 7 for such aircraft type and dividing such product by the average scheduled block hours per departure for such aircraft type as set forth on the Final Monthly Schedule.

The "Third Adjusted Block Hour Rate" for a particular aircraft type and a particular month equals the quotient of (1) the sum of (a) the product of (i) the First Forecast Rate-Component 1 for the applicable month as set forth on Appendix 8 multiplied by (ii) the First Weighted Average Number for such aircraft type, plus (b) the product of (i) the First Forecast Rate-Component 2 for the applicable month as set forth on

Appendix 8 multiplied by (ii) the Second Weighted Average Number for

Schedule 3-1

such aircraft type, divided by (2) the product of (w) the total number of scheduled block hours for such aircraft type as set forth in the Final Monthly Schedule, multiplied by (x) the First Benchmark Factor, multiplied by (y) the Cost Difference as set forth on Appendix 23.

The "First Weighted Average Number" for a particular aircraft type equals the product of (1) the number of scheduled departures of such aircraft type from a Continental airport, excluding airport codes YHZ, YOW, and YQB, as set forth in the Final Monthly Schedule multiplied by (2) the Weighted Departure Number for such aircraft type.

The "Second Weighted Average Number" for a particular aircraft type equals the product of (1) the number of scheduled departures of such aircraft type from a Continental Airport as set forth in the Final Monthly Schedule multiplied by (2) the Weighted Departure Number for such aircraft type.

The "Weighted Departure Number" for (1) the Embraer ERJ-145XR is {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, (2) the Embraer ERJ-145 is {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, (3) the Embraer ERJ-135 is {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, (4) the ATR-42-320 is {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, (5) the Embraer 120 is {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} and (6) the Beech 1900-D is {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}.

The "Fourth Adjusted Block Hour Rate" for a particular aircraft type and a particular month equals the quotient of (i) the product of (a) the Contract Fuel Rate multiplied by (b) the Appendix 9 Rate Per Block Hour set forth

Schedule 3-2

in Appendix 9 for such aircraft type based on the average scheduled stage length per departure for such aircraft type as set forth in the Final Monthly Schedule using the nearest lower stage length set forth in Appendix 9 divided by (ii) the

Cost Difference set forth on Appendix 23.

2. Incentive Compensation. With respect to each calendar month,

incentive compensation shall be calculated as follows:

a. Headstart Bonus. Contractor shall receive a payment

of {CONFIDENTIAL MATERIAL OMITTED AND FILED

SEPARATELY WITH THE SECURITIES AND EXCHANGE

COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL

TREATMENT} for each Scheduled Flight that is an

On-time Headstart Flight during a calendar month, if

any, in excess of the product of the number of

Headstart Flights during such calendar month and the

Headstart On-time Benchmark. The Headstart On-time

Benchmark for each month in 2001 is set forth in

Appendix 2.

b. Baggage Handling Bonus. Contractor shall receive a

payment in an amount equal to the product of (i)

{CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY

WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT

TO A REQUEST FOR CONFIDENTIAL TREATMENT} and (ii) the

excess, if any, of (a) the quotient of (1) the total

number of Enplanements for Continental and Contractor

during such calendar month at Contractor Airports of

the type described in clause (i) of the definition

thereof, multiplied by the Baggage Handling

Benchmark, divided by (2) 1,000 over (b) each bag

improperly handled (as measured by claims filed for

mishandled baggage) for Continental and Contractor by

Contractor during such calendar month at Contractor

Airports of the type described in clause (i) of the

definition thereof. The Baggage Handling Benchmark

for each month in 2001 is set forth in Appendix 2.

c. Appendix 10 Fee. Contractor will receive a fee equal

to the quotient of (i) the Appendix 10 invoice rate

set forth in Appendix 10 for the applicable month

multiplied by the number of Forecasted Passengers for

the applicable month, which fee represents payment

for interrupted trip expense, passenger liability

insurance, baggage handling, claims, repairs and

delivery (Contractor Airports only), and security and

screening (Contractor Airports only) expenses,

divided by (ii) the Cost Difference set forth in

Appendix 23. This incentive compensation will be

reconciled, in the monthly reconciliation described

in

Schedule 3-3

Section 3.06(b) of the Agreement, to the number of

Actual Passengers for such calendar month multiplied

by the Appendix 10 reconciliation rate set forth in

Appendix 10 for the applicable month, which fee

represents the same categories of expense as

represented by the per passenger invoice rate, other

than passenger liability insurance and third-party

security and screening (Contractor Airports only), which category of expense is reconciled pursuant to Paragraph B(9)(a).

3. Fleet Size Adjustments. Upon the withdrawal of one or more Covered Aircraft (excluding Turboprop Aircraft) from the capacity purchase provisions of this Agreement, the Appendix 1 Expenses shall be adjusted as follows:

a. Expenses set forth in column 2 of Appendix 1 (after giving effect to any adjustments thereto pursuant to this Paragraph A(3)(a)) for each applicable month shall decrease by the quotient of (i) the actual expenses of the type reflected in column 2 relating to the specific aircraft (identified by tail number) withdrawn from the Agreement, divided by (ii) the Cost Difference set forth on Appendix 23.

b. Expenses set forth in columns 4, 6, 9, 11, 12 and 13 of Appendix 1 for each applicable month will be reduced by an amount equal to the product of (i) the amount of each of such expenses included in Appendix 1 Expenses (after giving effect to any previous adjustments thereto pursuant to this Paragraph A(3)(b)) and (ii) the quotient of (1) the number of aircraft so withdrawn from the Agreement (after giving effect to any previous adjustments pursuant to this Paragraph A(3)(b)) and (2) the number of aircraft constituting Covered Aircraft immediately prior to such withdrawal.

c. The remainder of the Appendix 1 Expenses will decrease as follows:

I. For the first {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} aircraft (other than Turboprop Aircraft) to be withdrawn from the Agreement (taking into account all withdrawals under the Agreement), the remainder of the Appendix 1 Expenses after giving effect to any other adjustments provided in this Paragraph A(3) will be reduced by the product of (a) such remainder of the Appendix 1 Expenses,

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multiplied by (b) {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} multiplied by (c) the quotient of (1) the number of aircraft so withdrawn and (2) the number of aircraft constituting Covered Aircraft immediately prior to such withdrawal.

II. For the next {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND

EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} aircraft (other than Turboprop Aircraft) to be withdrawn from the Agreement (taking into account all withdrawals from the Agreement), the remainder of the Appendix 1 Expenses after giving effect to any other adjustments provided in this Paragraph A(3) will be reduced by the product of (a) such remainder of the Appendix 1 Expenses, multiplied by (b) {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} multiplied by (c) the quotient of (1) the number of aircraft so withdrawn and (2) the number of aircraft constituting Covered Aircraft immediately prior to such withdrawal.

III. For all other aircraft (other than Turboprop Aircraft) to be withdrawn from the Agreement, Continental and Contractor shall meet and confer to agree on a reasonable reduction of the remainder of the Appendix 1 Expenses after giving effect to any other adjustments provided in this Paragraph A(3) to give effect to the reduction in Contractor's Appendix 1 Expenses as a result of such withdrawal.

B. Expenses and Reconciliation.

1. Passenger and Cargo Revenue-Related Expenses. With respect to Scheduled Flights, passenger and cargo revenue-related expenses, including without limitation commissions, food and beverage costs, charges for fare or tariff filings, sales and advertising costs, computer reservation system fees, credit card discount fees, reservation costs, revenue accounting costs, and OnePass participation costs, shall be incurred directly by Continental.

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2. Fuel Reconciliation. If during any calendar month actual Fuel-Related Expense for Scheduled Flights varies from the assumed Fuel-Related Expense included in the First Adjusted Block Hour Rates for each applicable aircraft type (based on the Second Forecast Rate), then a reconciliation payment for such calendar month shall be made in accordance with this Paragraph B(2). The reconciliation set forth below in this Paragraph B(2) shall be made separately for each Fuel-Related Component Expense.

a. If Contractor's actual applicable Fuel-Related Component Expense per gallon during a particular month for Scheduled Flights is lower than the Contract Fuel Rate for the applicable Fuel-Related Component, and Contractor's actual number of gallons consumed for such month for Scheduled Flights is

lower than the Second Forecast Rate, Contractor shall reimburse Continental an amount equal to the sum of:

I. the quotient of (1) the product of (a) the difference between the Contract Fuel Rate for the applicable Fuel-Related Component and such actual Fuel-Related Component Expense per gallon multiplied by (b) the Second Forecast Rate divided by (2) the Cost Difference set forth on Appendix 23, plus

II. the quotient of (1) the product of (a) the difference between the Second Forecast Rate and such actual number of gallons consumed and (b) such actual Fuel-Related Component Expense per gallon divided by (2) the Cost Difference set forth on Appendix 23.

The "Second Forecast Rate" for any particular month is equal to the aggregate sum of the following product for each aircraft type: (i) the Appendix 9 Rate Per Block Hour set forth in Appendix 9 for such aircraft type based on the average scheduled stage length per departure for such aircraft type as set forth in the Final Monthly Schedule using the nearest lower stage length set forth in Appendix 9 multiplied by (ii) the number of scheduled block hours for such aircraft type in the Final Monthly Schedule for such month multiplied by (iii) the First Benchmark Factor.

b. If Contractor's actual applicable Fuel-Related Component Expense per gallon during a particular month for Scheduled Flights is lower than the Contract Fuel Rate for the applicable Fuel-Related Component, and Contractor's actual number of gallons consumed for such month for Scheduled Flights is higher than the Second Forecast Rate, then:

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I. Contractor shall reimburse Continental an amount equal to the quotient of (1) the product of (a) the difference between the Contract Fuel Rate for the applicable Fuel-Related Component and such actual Fuel-Related Component Expense per gallon multiplied by (b) the Second Forecast Rate divided by (2) the Cost Difference set forth on Appendix 23, and

II. Continental shall reimburse Contractor an amount equal to the quotient of (1) the product of (a) the difference between such actual number of gallons consumed and the Second Forecast Rate multiplied by (b) such actual Fuel-Related Component Expense per gallon divided by (2) the Cost Difference set forth on Appendix 23.

c. If Contractor's actual applicable Fuel-Related Component Expense per gallon during a particular month for Scheduled Flights equals the Contract Fuel

Rate for the applicable Fuel-Related Component, then:

I. if Contractor's actual number of gallons consumed for such month for Scheduled Flights is lower than the Second Forecast Rate, Contractor shall reimburse Continental an amount equal to the quotient of (1) the product of (a) the difference between the Second Forecast Rate and such actual number of gallons consumed multiplied by (b) the Contract Fuel Rate for the applicable Fuel-Related Component divided by (2) the Cost Difference set forth on Appendix 23; and

II. if Contractor's actual number of gallons consumed for such month for Scheduled Flights is greater than the Second Forecast Rate, Continental shall reimburse Contractor an amount equal to the quotient of (1) the product of (a) the difference between such actual number of gallons consumed and the Second Forecast Rate multiplied by (b) the Contract Fuel Rate for the applicable Fuel-Related Component divided by (2) the Cost Difference set forth on Appendix 23.

d. If Contractor's actual number of gallons consumed during a particular month for Scheduled Flights equals the Second Forecast Rate, and if Contractor's actual applicable Fuel-Related Component Expense per gallon during a particular month for Scheduled Flights is lower than the Contract Fuel Rate for the applicable Fuel-Related Component, Contractor shall reimburse Continental an amount equal to the quotient of (1) the product of (a) the difference between the Contract Fuel Rate for the

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applicable Fuel-Related Component and such actual Fuel-Related Component Expense per gallon multiplied by (b) the Second Forecast Rate divided by (2) the Cost Difference set forth on Appendix 23;

3. Certain Parts:

a. Contractor shall be reimbursed for the cost of all engine life limited components when replaced so long as, at the time of such replacement of the component, the applicable aircraft is a Covered Aircraft.

b. If, with Continental's prior written consent, Contractor amends the Flight Hour Agreement to cover engine life limited components on Covered Aircraft, then the Appendix 3 Block Hour Rates shall be increased for the months following the effectiveness of such amendment to reimburse Contractor for the additional expense at cost (without any amount in respect of the Cost Factor).

4. Administrative and Facilities Expenses.

a. Administrative Costs. The Appendix 3 Block Hour Rates and the Appendix 1 Expenses include allocations of administrative compensation costs. The parties hereto have entered into the Administrative Support and Information Services Provisioning Agreement, pursuant to which Continental has agreed to provide Contractor with certain administrative services. Pursuant to the Administrative Support and Information Services Provisioning Agreement, the parties hereto have agreed to enter into a transition plan, which plan will provide for the termination of the services provided by Continental to Contractor thereunder over a certain period of time. As a result, certain of such services may be terminated during the term of this Agreement. Contractor and Continental hereby agree that in connection with the transition plan Contractor and Continental shall meet and confer to adjust the Appendix 3 Block Hour Rates and Appendix 1 Expenses to reasonably reflect any increases or decreases in Contractor's administrative compensation costs or other administrative costs and the costs payable to Continental pursuant to the Administrative Support and Information Services Provisioning Agreement as a result of Contractor's having to replace any of such terminated services.

Schedule 3-8

b. Facility and Ground Handling Costs. In consideration of the services provided by Continental to Contractor pursuant to Paragraph 1.1.1 of the Continental Ground Handling Agreement during a particular month, Contractor will pay Continental a fee equal to the product of (i) the First Forecast Rate - Component 1 set forth on Appendix 8 for such month, multiplied by (ii) the First Weighted Average Number for such month. In addition, if at any time Contractor shall relocate its headquarters, the parties agree to meet and confer pursuant to Paragraph B(11) regarding such event.

5. Flight Overfly Reconciliation.

a. With respect to Scheduled Flights, for any calendar month Contractor's actual block hours flown per departure for any particular aircraft type exceeds the scheduled block hours per departure for such aircraft type for such calendar month as set forth in the Final Monthly Schedule, then the reconciliation for such period shall include a payment for such aircraft type by Continental to Contractor in an amount equal to the product of (i) the First Incremental Cost Rate set forth on Appendix 11 with respect to such aircraft type and such month, multiplied by (ii) the quotient of (1) the difference between such actual number of block hours per departure and such number of scheduled block hours

per departure divided by (2) such number of scheduled block hours per departure, multiplied by (iii) the number of scheduled block hours for such aircraft type as set forth on the Final Monthly Schedule multiplied by (iv) the First Benchmark Factor for such calendar month.

b. With respect to Scheduled Flights, for any calendar month the scheduled block hours per departure for any particular aircraft type as set forth on the Final Monthly Schedule exceeds Contractor's actual block hours flown per departure for such aircraft type for such calendar month, then the reconciliation for such period shall include a payment for such aircraft type by Contractor to Continental in an amount equal to the product of (i) the Second Incremental Cost Rate, set forth on Appendix 12 with respect to such aircraft type and month, multiplied by (ii) the quotient of (1) the difference between such number of scheduled block hours per departure and such actual number of block hours per departure, divided by (2) such number of scheduled block hours per departure, multiplied by (iii) the number of scheduled block hours for such aircraft type as set forth on the Final Monthly Schedule multiplied by (iv) the First Benchmark Factor for such calendar month.

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6. Flight Cancellation Reconciliation.

a. If the product of the total number of Scheduled Flights for a particular aircraft type during a calendar month as set forth in the Final Monthly Schedule multiplied by the First Cancellation Rate exceeds the actual number of Uncontrollable Cancellations of such aircraft type in such calendar month (such excess number of flights of such aircraft type being the "First Cancellation Number" for such aircraft type), then the reconciliation for such period shall include a payment by Continental to Contractor in an amount equal to the product of (i) the First Incremental Cost Rate, as set forth on Appendix 11 for such aircraft type and such month, multiplied by (ii) the First Cancellation Number for such aircraft type, multiplied by (iii) the actual number of block hours per departure for such aircraft type for such calendar month.

b. If the actual number of Uncontrollable Cancellations for a particular aircraft type during a calendar month exceeds the product of the total number of Scheduled Flights for such aircraft type during such calendar month multiplied by the First Cancellation Rate (such excess number of flights of such aircraft type being the "Second Cancellation Number" for such aircraft type), then the reconciliation for such period shall include a payment by Contractor to Continental in an amount equal to the product of (i)

the Second Incremental Cost Rate, as set forth on Appendix 12 for such aircraft type and such month, multiplied by (ii) the Second Cancellation Number for such aircraft type, multiplied by (iii) the average number of block hours per Scheduled Flight for such aircraft type for such calendar month.

c. If the product of the total number of Scheduled Flights for a particular aircraft type during a calendar month multiplied by the Second Cancellation Rate exceeds the actual number of Controllable Cancellations for such aircraft type in such calendar month (such excess number of flights of such aircraft type being the "Third Cancellation Number" for such aircraft type), then the reconciliation for such period shall include a payment by Continental to Contractor in an amount equal to the product of (i) the Third Incremental Cost Rate multiplied by (ii) the Third Cancellation Number for such aircraft type, multiplied by (iii) the actual number of block hours per flight for such aircraft type for such calendar month.

The "Third Incremental Cost Rate" for a particular aircraft type equals the Fourth Incremental Cost Rate for such aircraft type plus the Fifth Incremental Cost Rate for such aircraft type.

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The "Fourth Incremental Cost Rate" for a particular aircraft type and for a particular month equals the product of (i) the sum of (a) the applicable Appendix 13 Incremental Cost Rate set forth on Appendix 13 for such aircraft type and month, minus the sum of (1) the Appendix 14 Block Hour Rate set forth on Appendix 14 for such aircraft type and month plus (2) the Appendix 5 Block Hour Rate set forth on Appendix 5 for such aircraft type and month, plus (b) the Adjusted Appendix 14 Block Hour Rate for such aircraft type and month plus (c) the Third Adjusted Block Hour Rate for such aircraft type and month and (ii) the First Benchmark Factor for such month.

The "Adjusted Appendix 14 Block Hour Rate" for a particular aircraft type and a particular month is obtained by multiplying the Appendix 14 Block Hour Rate by the Appendix 7 Block Hours set forth on Appendix 7 for such aircraft type and dividing such product by the average scheduled block hours per departure for such aircraft type as set forth on the Final Monthly Schedule.

The "Fifth Incremental Cost Rate" is obtained by allocating the Appendix 1 Expenses among the different aircraft types by each type's allocable share of statistics from the Final Monthly Schedule based on the methodology set forth in Appendix 15, and dividing such allocation to a specific aircraft type by the scheduled block hours for such aircraft

type set forth in the Final Monthly Schedule, then multiplying such quotient by the First Benchmark Factor.

d. If the actual number of Controllable Cancellations for a particular aircraft type in a calendar month exceeds the product of the total number of Scheduled Flights for such aircraft type during such calendar month multiplied by the Second Cancellation Rate (such excess number of flights of such aircraft type being the "Fourth Cancellation Number" for such aircraft type), then the reconciliation for such period shall include a payment by Contractor to Continental in an amount equal to the product of (i) the Third Incremental Cost Rate for such aircraft type multiplied by (ii) the Fourth Cancellation Number, multiplied by (iii) the average number of block hours per Scheduled Flight for such aircraft type for such calendar month.

e. For purposes of this Paragraph B(6), for any month during which a Labor Strike occurs, the Second Cancellation Rate for such month shall be adjusted to equal the difference between (a) the Second Cancellation Rate for such month (before any such adjustment)

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and (b) the product of (1) the quotient of (i) the Second Cancellation Rate for such month (before any such adjustment) divided by (ii) the number of days in the particular month, multiplied by (2) the number of days in such month (not to exceed the number of days in the particular month) during which such Labor Strike was occurring. For purposes of this Paragraph B(6), for any month during which a Labor Strike occurs, the First Cancellation Rate for such month shall be adjusted to equal the difference between (a) the First Cancellation Rate for such month (before any such adjustment) and (b) the product of (1) the quotient of (i) the First Cancellation Rate for such month (before any such adjustment) divided by (ii) 30, multiplied by (2) the number of days in such month (not to exceed 30 days) during which such Labor Strike was occurring.

f. For all purposes of this Agreement, the term Uncontrollable Cancellations shall include the following:

I. After presentation of the Final Monthly Schedule pursuant to Section 2.01(b) of the Agreement, if Continental makes any changes to such schedule that result in a cancellation of a Scheduled Flight, then such cancellation shall constitute an Uncontrollable Cancellation.

II. If any proposed Scheduled Flight on a planned flight schedule involves a flight to a new airport which will be a Contractor Airport, and Contractor experiences a delay in preparing the required facilities and making all necessary arrangements to complete a flight to such airport, which delay either (i) is caused by the Environmental Protection Agency, airport or any other governmental authority, or (ii) occurs after Contractor received less than 90 days' advance notice of such Scheduled Flight to a new airport and used its commercially reasonable efforts to prepare the required facilities and make all necessary arrangements (all in accordance with the Master Facility and Ground Handling Agreement), and in either case such Scheduled Flight is cancelled, then such cancellation shall constitute an Uncontrollable Cancellation.

g. Subject to the provisions of Paragraph B(6)(f), Contractor hereby agrees that each cancellation of a Scheduled Flight shall be designated as either a Controllable Cancellation or an Uncontrollable Cancellation on a basis consistent with Contractor's historical experience, including specifically the methodology used to create the data set forth in Appendix 2.

Schedule 3-12

7. Insurance Costs.

a. If Contractor elects not to participate in a combined placement for a particular insurance policy, Contractor shall not be reimbursed or otherwise compensated (through adjustments to Block Hour Rates, reconciliation amounts, amounts in respect of the Cost Factor or otherwise) for any Excess Insurance Costs with respect to such policy.

b. If Continental elects not to participate in a combined placement for a particular insurance policy, Continental shall pay to Contractor an amount equal to the Excess Insurance Costs with respect to such policy, up to the Average Peer Group Rates. Contractor shall not be reimbursed or otherwise compensated (through adjustments to Block Hour Rates or otherwise) to the extent that its insurance costs exceed the Average Peer Group Rates.

c. Contractor will pay to Continental its proportionate share of all combined-placement insurance premiums not later than the date that Continental is required under the terms of the applicable policy to pay the policy premiums. The cost allocation for such combined placements shall be as follows:

I. Hull and War Risk Coverage Rate. To be determined each year; a dollar amount equal to the combined placement program's composite whole rate as set forth in the current group policy, multiplied by Contractor's average fleet value for the policy period, as determined by recognized standard industry methods of valuation consistent with prior practice.

II. Liability Rates. To be determined each year; an amount equal to the combined placement program's composite liability rate as set forth in the current group policy, multiplied by revenue passenger miles, as determined by recognized standard industry methods consistent with prior practice.

III. Miscellaneous Insurance (Property, Casualty and D&O, etc.) Rates. The parties agree to meet annually to determine the cost allocation for all other insurance coverage based on Contractor's portion of the "total exposure base" for such coverage, as determined by recognized standard industry methods consistent with prior practice.

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d. In the Performance Period subsequent to the next combined policy insurance renewal following a Major Loss caused by Continental (or, if such a Major Loss occurs so close to the combined policy insurance renewal date that the effects are not reflected in the next combined policy insurance renewal premium amount, then in the Performance Period subsequent to the renewal in which the effects are first included), Continental and Contractor agree to determine the amount of increase in the combined policy insurance premiums, if any, to be attributed to such Major Loss (as opposed to a general increase in the premiums) as follows:

I. The parties will compare the combined policy premium increase to premium increases experienced by the five Major Carriers closest to Continental in aggregate revenue passenger miles at the time of such determination, excluding any Major Carrier that experienced a Major Loss within the previous three years.

II. The average annual increase in insurance costs for such Major Carriers shall be calculated by (i) subtracting the expiring rates of each such Major Carrier from its new rates, (ii) adding the total of such differences and (iii) dividing the total by the number of Major Carriers whose rates were included in the calculation.

III. The amount that the increase in the combined premiums for Continental and Contractor exceeds the average annual increase in insurance costs calculated pursuant to clause (II) above shall be deemed to be the portion of the increase for such year due to such Major Loss (the "Continental Premium Surcharge Amount").

IV. The Continental Premium Surcharge Amount for the subsequent two years shall be {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} and {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, respectively, of the Continental Premium Surcharge Amount for the first year, and shall be {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} thereafter.

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V. The Continental Premium Surcharge Amount shall be borne solely by Continental and that amount shall be deducted from the aggregate premium amounts included in all cost-sharing calculations between Continental and Contractor.

e. In the Performance Period subsequent to the next combined policy insurance renewal following a Major Loss caused by Contractor (or, if such a Major Loss occurs so close to the combined policy insurance renewal date that the effects are not reflected in the next combined policy insurance renewal premium amount, then in the Performance Period subsequent to the renewal in which the effects are first included), Continental and Contractor agree to determine the amount of increase in the combined policy insurance premiums, if any, to be attributed to such Major Loss (as opposed to a general increase in the premiums) as follows:

I. The parties will compare the combined policy premium increase to premium increases experienced by the five regional airlines with annual revenues closest to those of Contractor, excluding any such regional airline that experienced a Major Loss within the previous three years.

II. The average annual increase in insurance costs for such regional airlines shall be calculated by (i) subtracting the expiring rates of each such regional airlines from

its new rates, (ii) adding the total of such differences and (iii) dividing the total by the number of such regional airlines whose rates were included in the calculation.

III. The parties will also calculate the maximum permitted increase in annual premiums which would be permitted if the policy coverage was limited to the insurance limits required to be maintained by Contractor (the "Contractor Premium Surcharge Limit").

IV. The amount that the Contractor Premium Surcharge Limit exceeds the average annual increase in insurance costs calculated pursuant to clause (II) above shall be deemed to be the portion of the increase for such year due to such Major Loss and payable by Contractor (the "Contractor Premium Surcharge Amount").

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V. The amount that the increase in the combined premiums for Continental and Contractor exceeds the sum of (x) the average annual increase in insurance costs calculated pursuant to clause (II) above and (y) the Contractor Premium Surcharge Amount shall be deemed to be the portion of the increase for such year due to such Major Loss and payable by Continental (the "Contractor Premium Surcharge Overflow Amount").

VI. The Contractor Premium Surcharge Amount for the subsequent two years shall be {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} and {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, respectively, of the Contractor Premium Surcharge Amount for the first year, and shall be {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} thereafter.

VII. The Contractor Premium Surcharge Overflow Amount for the subsequent two years shall be {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} and {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION

PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}, respectively, of the Contractor Premium Surcharge Overflow Amount for the first year, and shall be {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT} thereafter.

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VIII. The Contractor Premium Surcharge Amount shall be borne solely by Contractor and that amount shall be deducted from the aggregate premium amounts included in all cost-sharing calculations between Continental and Contractor.

IX. The Contractor Premium Surcharge Overflow Amount shall be borne solely by Continental and that amount shall be deducted from the aggregate premium amounts included in all cost-sharing calculations between Continental and Contractor.

f. Contractor shall be reimbursed in full for the aggregate of all insurance deductibles paid in any calendar year up to an amount equal to the historical average of such deductibles paid by Contractor during the last five full calendar years for which such calculations are available as of such date of determination.

8. Volume Reconciliation.

a. Hotel Volume Reconciliation. The following expenses incurred in connection with Scheduled Flights as allocated pursuant to Section 3.05(a) shall be reconciled as follows:

I. Pilot Contract Hotel Stays. Included in the Appendix 3 Block Hour Rates is an assumed cost associated with an assumed number of Contract Hotel Stays for pilots per scheduled block hour set forth in the Final Monthly Schedule. If the actual number of Contract Hotel Stays for pilots per scheduled block hour set forth in the Final Monthly Schedule for a particular month exceeds the number of assumed Contract Hotel Stays for pilots per scheduled block hour for such month as set forth in Appendix 16a, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Contract Hotel Stays for pilots per scheduled block hour during such month and (2) such assumed number of Contract Hotel Stays for pilots per scheduled block hour during such month,

multiplied by (ii) the number of scheduled block hours for such month multiplied by (iii) the assumed cost per Contract Hotel Stay for pilots for such month as set forth in Appendix 16a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Contract Hotel Stays for pilots per scheduled block hour set forth in the Final Monthly Schedule for a particular month is less than the number of assumed Contract Hotel Stays for pilots per scheduled block hour for such month as set forth in Appendix 16a, then Contractor shall pay an amount to

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Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Contract Hotel Stays for pilots per scheduled block hour during such month and (2) such actual number of Contract Hotel Stays for pilots per scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month, multiplied by (iii) the assumed cost per Contract Hotel Stay for pilots for such month as set forth in Appendix 16a divided by (b) the Cost Difference set forth on Appendix 23.

II. Flight Attendant Contract Hotel Stays. Included in the Appendix 3 Block Hour Rates is an assumed cost associated with an assumed number of Contract Hotel Stays for flight attendants per scheduled block hour set forth in the Final Monthly Schedule. If the actual number of Contract Hotel Stays for flight attendants per scheduled block hour set forth in the Final Monthly Schedule for a particular month exceeds the number of assumed Contract Hotel Stays for flight attendants per scheduled block hour for such month as set forth in Appendix 16b, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Contract Hotel Stays for flight attendants per scheduled block hour during such month and (2) such assumed number of Contract Hotel Stays for flight attendants per scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month multiplied by (iii) the assumed cost per Contract Hotel Stay for flight attendants

for such month as set forth in Appendix 16b divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Contract Hotel Stays for flight attendants per scheduled block hour set forth in the Final Monthly Schedule for a particular month is less than the number of assumed Contract Hotel Stays for flight attendants per scheduled block hour for such month as set forth in Appendix 16b, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Contract Hotel Stays for flight attendants per scheduled block hour during such month and (2) such actual number of Contract Hotel Stays for flight attendants per scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month, multiplied by (iii) the assumed cost per Contract Hotel Stay for flight attendants for such month as

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set forth in Appendix 16b divided by (b) the Cost Difference set forth on Appendix 23.

b. Pilot Training Volume Reconciliation. The following expenses incurred in connection with Scheduled Flights, as allocated pursuant to Section 3.05(a), shall be reconciled as follows:

I. New Hire Training Cycles. Included in the Appendix 1 Expenses is an assumed cost associated with an assumed number of Pilot New Hire Training Cycles for each aircraft type. If the actual number of Pilot New Hire Training Cycles for a particular month and a particular aircraft type exceeds the number of assumed Pilot New Hire Training Cycles for such month and aircraft type as set forth in Appendix 17b, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot New Hire Training Cycles during such month for such aircraft type and (2) such assumed number of Pilot New Hire Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot New Hire Training Cycle for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Pilot New Hire Training

Cycles for a particular month and aircraft type is less than the assumed number of Pilot New Hire Training Cycles for such month and aircraft type as set forth in Appendix 17b, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Pilot New Hire Training Cycles during such month for such aircraft type and (2) such actual number of Pilot New Hire Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot New Hire Training Cycle for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23.

II. Pilot Transitional Training Cycles. Included in the Appendix 1 Expenses is an assumed cost associated with an assumed number of Pilot Transitional Training Cycles for each aircraft type. If the actual number of Pilot Transitional Training Cycles for a particular month and a particular aircraft type exceeds the number of assumed Pilot Transitional Training Cycles for such month and aircraft type as set forth in Appendix 17c, then Continental

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shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot Transitional Training Cycles during such month for such aircraft type and (2) such assumed number of Pilot Transitional Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Transitional Training Cycle for such month and aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Pilot Transitional Training Cycles for a particular month and aircraft type is less than the number of assumed Pilot Transitional Training Cycles for such month and aircraft type as set forth in Appendix 17c, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Pilot Transitional

Training Cycles during such month for such aircraft type and (2) such actual number of Pilot Transitional Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Transitional Training Cycle for such month and aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23.

III. Pilot Upgrade Training Cycles. Included in the Appendix 1 Expenses is an assumed cost associated with an assumed number of Pilot Upgrade Training Cycles for each aircraft type. If the actual number of Pilot Upgrade Training Cycles for a particular month and a particular aircraft type exceeds the number of assumed Pilot Upgrade Training Cycles for such month and such aircraft type as set forth in Appendix 17d, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot Upgrade Training Cycles during such month for such aircraft type and (2) such assumed number of Pilot Upgrade Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Upgrade Training Cycle for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Pilot Upgrade Training Cycles for a particular month and a particular aircraft type is less than the number of assumed Pilot Upgrade Training Cycles for such month and such aircraft type as set forth in Appendix 17d, then Contractor shall pay an amount to Continental equal to the quotient of (a) the

Schedule 3-20

product of (i) the difference between (1) such assumed number of Pilot Upgrade Training Cycles during such month for such aircraft type and (2) such actual number of Pilot Upgrade Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Upgrade Training Cycles for such month and aircraft type as set forth in Appendix 17a divided by

(b) the Cost Difference set forth on

Appendix 23.

IV. Pilot Recurrent Flight Training Cycles.

Included in the Appendix 1 Expenses is an assumed cost associated with an assumed number of Pilot Recurrent Flight Training Cycles for each aircraft type. If the actual number of Pilot Recurrent Flight Training Cycles for a particular month and a particular aircraft type exceeds the number of assumed Pilot Recurrent Flight Training Cycles for such month and such aircraft type and as set forth in Appendix 17e, then

Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot Recurrent Flight Training Cycles during such month and such aircraft type and (2) such assumed number of Pilot Recurrent Flight Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Recurrent Flight Training Cycle for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Pilot Recurrent Flight Training Cycles for a particular month and a particular aircraft type is less than the number of assumed Pilot Recurrent Flight Training Cycles for such month and such aircraft type as set forth in Appendix 17e, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Pilot Recurrent Flight Training Cycles during such month for such aircraft type and (2) such actual number of Pilot Recurrent Flight Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Recurrent Flight Training Cycles for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23.

V. Pilot Recurrent Ground Training Cycles.

Included in the Appendix 1 Expenses is an assumed cost associated with an assumed number of Pilot Recurrent Ground Training Cycles for each aircraft type. If the actual number of Pilot

Schedule 3-21

Recurrent Ground Training Cycles for a particular month and a particular aircraft type exceeds the number of assumed Pilot

Recurrent Ground Training Cycles for such month and such aircraft type and as set forth in Appendix 17f, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot Recurrent Ground Training Cycles during such month and such aircraft type and (2) such assumed number of Pilot Recurrent Ground Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Recurrent Ground Training Cycle for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Pilot Recurrent Ground Training Cycles for a particular month and a particular aircraft type is less than the number of assumed Pilot Recurrent Ground Training Cycles for such month and such aircraft type as set forth in Appendix 17f, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Pilot Recurrent Ground Training Cycles during such month for such aircraft type and (2) such actual number of Pilot Recurrent Ground Training Cycles during such month for such aircraft type, multiplied by (ii) the assumed cost of each Pilot Recurrent Ground Training Cycles for such month and such aircraft type as set forth in Appendix 17a divided by (b) the Cost Difference set forth on Appendix 23.

a. Pilot and Flight Attendant Per Diem Reconciliation.

I. Pilot Per Diem. Included in the Appendix 3 Block Hour Rates is an assumed cost associated with an assumed number of Pilot Per Diem Hours per scheduled block hour. If the actual number of Pilot Per Diem Hours per scheduled block hour for a particular month exceeds the number of assumed Pilot Per Diem Hours per scheduled block hour in such month as set forth in Appendix 18a, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot Per Diem Hours per scheduled block hour during such month and (2) such assumed number of Pilot Per Diem Hours per scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month, multiplied by (iii) the assumed

amount payable for each Pilot Per Diem Hour for such month as set forth in Appendix 18a divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Pilot Per Diem Hours per scheduled block hour for a particular month is less than the number of assumed Pilot Per Diem Hours per scheduled block hour in such month as set forth in Appendix 18a, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Pilot Per Diem Hours per scheduled block hour during such month and (2) such actual number of Pilot Per Diem Hours per scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month, multiplied by (iii) the assumed amount payable for each Pilot Per Diem Hour for such month as set forth in Appendix 18a divided by (b) the Cost Difference set forth on Appendix 23.

II. Flight Attendants Per Diem. Included in the Appendix 3 Block Hour Rates is an assumed cost associated with an assumed number of Flight Attendant Per Diem Hours per scheduled block hour. If the actual number of Flight Attendant Per Diem Hours per scheduled block hour for a particular month exceeds the number of assumed Flight Attendant Per Diem Hours per scheduled block hour in such month as set forth in Appendix 18b, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Flight Attendant Per Diem Hours per scheduled block hour during such month and (2) such assumed number of Flight Attendant Per Diem Hours per scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month, multiplied by (iii) the assumed amount payable for each Flight Attendant Per Diem Hour for such month as set forth in Appendix 18b divided by (b) the Cost Difference set forth on Appendix 23. If the actual number of Flight Attendant Per Diem Hours per scheduled block hour for a particular month is less than the number of assumed Flight Attendant Per Diem Hours per scheduled block hour in such month as set forth in Appendix 18b, then Contractor shall pay an amount to Continental equal to the quotient of (a) the

product of (i) the difference between (1) such assumed number of Flight Attendant Per Diem Hours per scheduled block hour during such month and (2) such actual number of Flight Attendant Per Diem Hours per

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scheduled block hour during such month, multiplied by (ii) the number of scheduled block hours for such month, multiplied by (iii) the assumed amount payable for each Flight Attendant Per Diem Hour for such month as set forth in Appendix 18b divided by (b) the Cost Difference set forth on Appendix 23.

d. Pilot Soft Time Reconciliation. Included in the Appendix 3 Block Hour Rates is an assumed cost associated with an assumed number of Pilot Flight Paid Hours per scheduled Pilot Block Hour. If the actual number of Pilot Flight Paid Hours per scheduled Pilot Block Hour for a particular month exceeds the number of assumed Pilot Flight Paid Hours per scheduled Pilot Block Hour in such month as set forth in Appendix 19, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such actual number of Pilot Flight Paid Hours per scheduled Pilot Block Hour during such month and (2) such assumed number of Pilot Flight Paid Hours per scheduled Pilot Block Hour during such month, multiplied by (ii) the number of scheduled Pilot Block Hours for such month, multiplied by (iii) the assumed amount payable for each Pilot Flight Paid Hour as set forth in Appendix 19, divided by (b) the Cost Difference set forth in Appendix 23. If the actual number of Pilot Flight Paid Hours per scheduled Pilot Block Hour for a particular month is less than the number of assumed Pilot Flight Paid Hours per scheduled Pilot Block Hour in such month as set forth in Appendix 19, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed number of Pilot Flight Paid Hours per scheduled Pilot Block Hour during such month and (2) such actual number of Pilot Flight Paid Hours per scheduled Pilot Block Hour during such month, multiplied by (ii) the number of scheduled Pilot Block Hours for such month, multiplied by (iii) the assumed amount payable for each Pilot Flight Paid Hour as set forth in Appendix 19, divided by (b) the Cost Difference set forth in Appendix 23. The reconciliation described in this Paragraph 8(d) will cease upon the earlier to occur of (1) Contractor hiring a New Contractor Pilot and (2) Contractor no longer employing any Continental

Pilots.

e. Pilot Seniority Reconciliation. Included in the Appendix 1 Expenses and the Appendix 3 Block Hour Rates is an assumed cost associated with an assumed number of Continental Pilots continuing to be employed by Contractor. If the aggregate number of Continental Pilots whose employment is actually terminated by Contractor in a particular month exceeds the aggregate number of Continental Pilots whose employment by Contractor is assumed to

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be terminated in such particular month as set forth in Appendix 20, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such aggregate number of Continental Pilots whose employment is actually terminated by Contractor during such month and (2) such aggregate number of Continental Pilots whose employment is assumed to be terminated by Contractor during such month, multiplied by (ii) the assumed amount payable per Continental Pilot being terminated by Contractor as set forth in Appendix 20, divided by (b) the Cost Difference set forth on Appendix 23. If the aggregate number of Continental Pilots whose employment is assumed to be terminated by Contractor for a particular month as set forth in Appendix 20 exceeds the aggregate number of Continental Pilots whose employment is actually terminated by Contractor during such month, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) such aggregate number of Continental Pilots whose employment is assumed to be terminated by Contractor during such month and (2) such aggregate number of Continental Pilots whose employment is actually terminated by Contractor during such month, multiplied by (ii) the assumed amount payable per Continental Pilot being terminated by Contractor as set forth in Appendix 20, divided by (b) the Cost Difference set forth on Appendix 23. The reconciliation described in this Paragraph 8(e) will cease when Contractor no longer employs any Continental Pilots.

f. Airport Agent Volume Reconciliation. Included in the Appendix 1 Expenses is an assumed cost associated with an assumed number of Agent Paid Hours. If the lower of the Staffing Model Agent Paid Hours or actual number of Agent Paid Hours for a particular month exceeds the assumed number of Agent Paid Hours as set forth in Appendix 21, then Continental shall pay an amount to Contractor equal to the quotient of (a) the product of (i) the difference between (1) the

Lower of such Staffing Model Agent Paid Hours or such actual number of Agent Paid Hours during such month and (2) such assumed Agent Paid Hours during such month, multiplied by (ii) the assumed amount payable per Agent Paid Hour as set forth in Appendix 21, multiplied by (iii) 1.1681, divided by (b) the Cost Difference set forth on Appendix 23. If the lower of the Staffing Model Agent Paid Hours or actual number of Agent Paid Hours for a particular month is less than the assumed number of Agent Paid Hours as set forth in Appendix 21, then Contractor shall pay an amount to Continental equal to the quotient of (a) the product of (i) the difference between (1) such assumed Agent Paid Hours during such month and (2) the lower of such

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Staffing Model Agent Paid Hours or such actual number of Agent Paid Hours during such month, multiplied by (ii) the assumed amount payable per Agent Paid Hour as set forth in Appendix 21, multiplied by (iii) 1.1681, divided by (b) the Cost Difference set forth on Appendix 23.

9. Reconciliation of Other Expenses.

a. Except to the extent that payments are made by Contractor to Continental pursuant to Paragraph B(6)(e) in respect of any of the following expenses for any Controllable Cancellation resulting solely from any Labor Strike or from a non-carrier specific airworthiness directive or other non-carrier specific regulatory order, the following expenses incurred in connection with Scheduled Flights, as allocated pursuant to Section 3.05(a), shall be reconciled monthly (except as specifically set forth below) to actual costs: (i) all payments made by Contractor under any Covered Aircraft Sublease, except for any Supplemental Rent (as defined therein) payable as a result of any action or inaction by Contractor, other than actions taken or not taken specifically at the direction of Continental; (ii) all payments made by Contractor for Incremental Passenger-Related Facilities; (iii) all employer-matching payments made by Contractor pursuant to any Contractor 401(K) (provided that, upon Continental owning less than 50% of the voting power of Holdings (the date upon which such event occurs being referred to herein as the "Distribution Date"), Continental shall not be required to reconcile any such payments made by Contractor to the extent that such payments are attributable to a change in the 401(K) or the company-match on or after the Distribution Date);

(iv) property and ad valorem taxes, other similar taxes imposed specifically on property or assets, sales and use taxes and franchise taxes (but excluding all other taxes, such as income, profits, withholding, employment, social security, disability, occupation, severance, excise and fuel taxes); (v) subject to Paragraph B(7) of this Schedule 3, passenger liability, hull and war risk insurance costs; (vi) ARINC/SITA network expenses; (vii) landing fees; (viii) glycol, de-icing and snow removal costs; (ix) payments by Contractor to employees in respect of any profit-sharing and on-time performance plans of Contractor existing on or prior to the Distribution Date (provided that Continental shall not be required to reconcile actual profit-sharing and on-time performance expenses to the extent that such additional expenses are attributable to a change in target benchmarks or payment rates under such plans on or after the Distribution Date, and provided further that reconciliation for profit-sharing plans shall occur on a year-to-date basis at the end of each calendar month); (x) administrative fees paid to Continental under the Administrative Support and Information Services Provisioning Agreement; (xi)

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amounts paid for the provision of ground handling services pursuant to Paragraph B(4)(b); (xii) payments made by Contractor for "power-by-the-hour" services under the Flight Hour Agreement; (xiii) all expenses of Contractor associated with Extraordinary Hotel Stays during the Performance Period (provided that reconciliation for this item (xiii) shall occur quarterly at the end of each Performance Period); (xiv) depreciation expense (until December 31, 2004), excluding any expenditure not specifically approved by Continental or otherwise contemplated by a capital expenditure plan agreed to by Contractor and Continental; and (xv) third-party security and screening expense at Contractor Airports (collectively, the "Reconciled Expenses"). The Base Compensation includes allocations of the Reconciled Expenses as set forth in Appendix 22 and with respect to certain Reconciled Expenses, as further provided in Paragraph B(9)(f) below. If in any month the Contractor's actual Reconciled Expenses, in the aggregate, exceed the amount of Reconciled Expenses included in the Base Compensation in accordance with Appendix 22 and with respect to certain Reconciled Expenses as further provided in Paragraph B(9)(f) below for such month, Continental shall pay to Contractor an amount equal to the quotient of (i)

such difference divided by (ii) the Cost Difference set forth on Appendix 23. If in any month the amount of Reconciled Expenses included in the Base Compensation in accordance with Appendix 22 and with respect to certain Reconciled Expenses as further provided in Paragraph B(9)(f) below for such month exceeds Contractor's actual Reconciled Expenses, Contractor shall pay to Continental an amount equal to the quotient of (i) such difference and (ii) the Cost Difference set forth on Appendix 23.

b. Reconciliation amounts will include the payment to Continental, if any, provided in Section 4.05(a) of the Agreement.

c. Incentive payments are paid as reconciliation amounts.

d. At any time that Contractor or Continental reasonably believes the Prevailing Margin for the current or next Performance Period will be greater than 11.5% or less than 8.5%, then Continental and Contractor will meet and will adjust the Base Compensation for such Performance Period; provided that in no event will such calculation reduce the Base Compensation below an amount necessary so as to achieve an 11.5% Prevailing Margin for such Performance Period or increase Base Compensation above the rate necessary so as to achieve an 8.5% Prevailing Margin for such Performance Period. At the end of each Performance Period in respect of which adjustments were in effect, a calculation shall be

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made by Contractor not later than the sixth Business Day of the immediately succeeding month to calculate the Prevailing Margin for the previous Performance Period. For adjustments made as a result of a Prevailing Margin expected to exceed 11.5%: (i) if the actual resulting Prevailing Margin for such Performance Period was greater than 11.5%, then the Base Compensation for such Performance Period will be further decreased to the extent required to lower the actual Prevailing Margin for such Performance Period to 11.5% and Contractor shall make a payment to Continental in an amount equal to such reduction in Base Compensation within five Business Days of such calculation and (ii) if the actual resulting Prevailing Margin for such Performance Period was less than 11.5%, then the Base Compensation for such Performance Period will be increased (but only up to the Base Compensation in effect prior to its adjustment pursuant to the first sentence of this Paragraph B(9)(d) of Schedule 3) to the extent required to raise the actual Prevailing Margin for such Performance Period to 11.5% and Continental

shall make a payment to Contractor in an amount equal to such increase in Base Compensation within five Business Days of such calculation. For adjustments made as a result of a Prevailing Margin expected to be less than 8.5%: (i) if the actual resulting Prevailing Margin for such Performance Period was less than 8.5%, then the Base Compensation for such Performance Period will be further increased to the extent required to raise the actual Prevailing Margin for such Performance Period to 8.5% and Continental shall make a payment to Contractor in an amount equal to such increase in Base Compensation within five Business Days of such calculation and (ii) if the Prevailing Margin for such Performance Period was greater than 8.5%, then the Base Compensation for such Performance Period will be decreased (but only down to the Base Compensation in effect prior to its adjustment pursuant to the first sentence of this Paragraph B(9)(d) of Schedule 3) to the extent required to lower the actual Prevailing Margin for such Performance Period to 8.5% and Contractor shall make a payment to Continental in an amount equal to such reduction in Base Compensation within five Business Days of such calculation.

e. If any of the provisions set forth herein adjust the Base Compensation or the Appendix 1 Expenses, Continental will, within a reasonable period of time following such adjustment, deliver to Contractor revised Appendices, to the extent applicable, to this Schedule 3 to reflect such adjustment; provided that Contractor shall cooperate with Continental in providing to Continental any information required to prepare such Appendices.

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f. The Base Compensation, Flight Overfly Reconciliation, and Flight Cancellation Reconciliation for any particular month includes allocations of the following Reconciled Expenses as provided below:

I. The amount of assumed employer-matching payments referred to in clause (iii) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the product of (1) the sum of (a) the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: (i) the First Implied Rate for such month for each aircraft type set forth on Appendix 22a, multiplied by (ii) the scheduled block hours for such month and aircraft type as set forth on the Final Monthly Schedule multiplied by the First

Benchmark Factor for such month, (b) the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: (i) the Second Implied Rate for such month for each aircraft type set forth on Appendix 22a, multiplied by (ii) the Appendix 7 Block Hours for such aircraft type set forth on Appendix 7, multiplied by (iii) the scheduled departures for such month and aircraft type as set forth on the Final Monthly Schedule multiplied by the First Benchmark Factor for such month, plus (c) the product of (i) the Third Implied Expenses for such month set forth in Appendix 22a, multiplied by (ii) 1000, multiplied by (2) {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}.

II. The amount of assumed passenger liability costs referred to in clause (v) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the product of (1) the rate for such month as set forth on Appendix 22 multiplied by (2) the Forecasted Passengers for such month.

III. The amount of assumed ARINC/SITA network expenses referred to in clause (vi) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: (1) the Fourth Implied Rate for such month for each aircraft type as set forth on Appendix

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22b, multiplied by (2) the Appendix 7 Block Hours set forth on Appendix 7 for such aircraft type, multiplied by (3) the scheduled departures for such month and aircraft type as set forth on the Final Monthly Schedule, multiplied by (4) the First Benchmark Factor for such month.

IV. The amount of assumed landing fees referred to in clause (vii) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: (1)

the Fifth Implied Rate for such month for each aircraft type as set forth on Appendix 22c, multiplied by (2) the Appendix 7 Block Hours set forth on Appendix 7 for such aircraft type, multiplied by (3) the scheduled departures for such month and aircraft type as set forth on the Final Monthly Schedule multiplied by (4) the First Benchmark Factor for such month.

V. The amount of assumed variable ground handling expenses referred to in clause (xi) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: (1) the Third Adjusted Block Hour Rate for such aircraft type and such month, multiplied by (2), the Cost Difference set forth on Appendix 23, multiplied by (3) the number of scheduled block hours for such aircraft type during such month as set forth in the Final Monthly Schedule, multiplied by (4) the First Benchmark Factor for such month.

VI. The amount of assumed expenses associated with Extraordinary Hotel Stays referred to in clause (xiii) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to (1) the product of (a) the sum of the Pilot Hotel Room Rate Per Block Hour for Extraordinary Hotel Stays set forth on Appendix 16a for the applicable month and the Flight Attendant Hotel Room Rate Per Block Hour for Extraordinary Hotel Stays set forth on Appendix 16b for the applicable month, multiplied by (2) the scheduled block hours for such month as set forth on the Final Monthly Schedule, multiplied by (3) the First Benchmark Factor for such month.

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VII. The amount of assumed expenses associated with "power-by-the-hour" services under the Flight Hour Agreement referred to in clause (xii) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the aggregate sum of the following products for each aircraft type set forth in the Final Monthly Schedule: (1) the Sixth Implied Rate for such month for each aircraft type as set forth on Appendix 22d, multiplied by (2) the scheduled block hours for such month and aircraft type, multiplied

by (3) the First Benchmark Factor for such month.

VIII. The amount of assumed third-party security and screening costs at Contractor Airports referred to in clause (xv) of the second sentence of Paragraph B(9)(a) included in the Base Compensation for any particular month will be equal to the product of (1) the rate for such month as set forth on Appendix 22 multiplied by (2) the Forecasted Passengers for such month.

10. No Reconciliation for Fines, Etc. Notwithstanding anything to the contrary contained in this Paragraph B, Continental shall not be required to make any reconciliation payment pursuant to this Paragraph B to the extent that such reconciliation payment is attributable to any costs, expenses or losses (including fines, penalties and any costs and expenses associated with any related investigation or defense) incurred by Contractor as a result of any violation by Contractor of any law, statute, judgment, decree, order, rule or regulation of any governmental or airport authority.

11. Material Change in Underlying Assumptions. If there is a material change in the parties' underlying assumptions regarding the cost of providing Regional Airline Services, the parties hereto shall meet and confer to discuss such change and whether the Base Compensation, the Appendix 1 Expenses or any of the provisions of this Schedule 3 shall be adjusted; provided, however, that this provision shall not obligate the parties hereto to amend any of the provisions of the Agreement or this Schedule 3 nor shall it obligate the parties to adjust the Base Compensation or the Appendix 1 Expenses.

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- Appendix 1 Appendix 1 Expenses
- Appendix 2 Benchmark Rates
- Appendix 3 Appendix 3 Block Hour Rates
- Appendix 4 Appendix 4 Block Hour Rates
- Appendix 5 Appendix 5 Block Hour Rates
- Appendix 6 Appendix 6 Block Hour Rates
- Appendix 7 Appendix 7 Block Hours
- Appendix 8 First Forecast Rates
- Appendix 9 Appendix 9 Rates Per Block Hour
- Appendix 10 Appendix 10 Fees
- Appendix 11 First Incremental Cost Rates
- Appendix 12 Second Incremental Cost Rates
- Appendix 13 Appendix 13 Incremental Cost Rates
- Appendix 14 Appendix 14 Block Hour Rates
- Appendix 15 Appendix 15 Incremental Cost Allocation
- Appendix 16 Hotel Volume
- Appendix 17 Pilot Training Volume
- Appendix 18 Per Diem
- Appendix 19 Pilot Soft Time
- Appendix 20 Pilot Seniority
- Appendix 21 Agent Volume
- Appendix 22 Reconciliation Of Expenses
- Appendix 23 Cost Difference

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APPENDIX 1

APPENDIX 1 EXPENSES (000'S)

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Date 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15

Jan-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Sep-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Oct-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Nov-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Dec-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jan-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Feb-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Mar-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Apr-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
May-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jun-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jul-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Aug-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Sep-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Oct-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Nov-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Dec-02 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jan-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Feb-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Mar-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Apr-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
May-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jun-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jul-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Aug-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Sep-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Oct-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Nov-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Dec-03 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Jan-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Feb-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Mar-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Apr-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
May-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
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Jul-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Aug-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Sep-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 2

2002 BENCHMARK RATES

FIRST FIRST SECOND HEADSTART ONTIME BAGGAGE HANDLING

DATE BENCHMARK FACTOR CANCELLATION RATE CANCELLATION RATE BENCHMARK BENCHMARK

Jan-02 XXX XXX XXX XXX XXX
Feb-02 XXX XXX XXX XXX XXX
Mar-02 XXX XXX XXX XXX XXX
Apr-02 XXX XXX XXX XXX XXX
May-02 XXX XXX XXX XXX XXX
Jun-02 XXX XXX XXX XXX XXX
Jul-02 XXX XXX XXX XXX XXX
Aug-02 XXX XXX XXX XXX XXX
Sep-02 XXX XXX XXX XXX XXX
Oct-02 XXX XXX XXX XXX XXX
Nov-02 XXX XXX XXX XXX XXX
Dec-02 XXX XXX XXX XXX XXX

2001 ACTUAL RATES

FIRST FIRST SECOND HEADSTART ONTIME BAGGAGE HANDLING

DATE BENCHMARK FACTOR CANCELLATION RATE CANCELLATION RATE BENCHMARK BENCHMARK

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX
Sep-01 XXX XXX XXX XXX XXX
Oct-01 XXX XXX XXX XXX XXX
Nov-01 XXX XXX XXX XXX XXX
Dec-01 XXX XXX XXX XXX XXX

2000 ACTUAL RATES

FIRST FIRST SECOND HEADSTART ONTIME BAGGAGE HANDLING

DATE BENCHMARK FACTOR CANCELLATION RATE CANCELLATION RATE BENCHMARK BENCHMARK

Jan-00 XXX XXX XXX XXX XXX
Feb-00 XXX XXX XXX XXX XXX
Mar-00 XXX XXX XXX XXX XXX
Apr-00 XXX XXX XXX XXX XXX
May-00 XXX XXX XXX XXX XXX
Jun-00 XXX XXX XXX XXX XXX
Jul-00 XXX XXX XXX XXX XXX
Aug-00 XXX XXX XXX XXX XXX
Sep-00 XXX XXX XXX XXX XXX
Oct-00 XXX XXX XXX XXX XXX
Nov-00 XXX XXX XXX XXX XXX
Dec-00 XXX XXX XXX XXX XXX

1999 ACTUAL RATES

FIRST FIRST SECOND HEADSTART ONTIME BAGGAGE HANDLING
DATE BENCHMARK FACTOR CANCELLATION RATE CANCELLATION RATE BENCHMARK BENCHMARK

Jan-99 XXX XXX XXX XXX XXX
Feb-99 XXX XXX XXX XXX XXX
Mar-99 XXX XXX XXX XXX XXX
Apr-99 XXX XXX XXX XXX XXX
May-99 XXX XXX XXX XXX XXX
Jun-99 XXX XXX XXX XXX XXX
Jul-99 XXX XXX XXX XXX XXX
Aug-99 XXX XXX XXX XXX XXX
Sep-99 XXX XXX XXX XXX XXX
Oct-99 XXX XXX XXX XXX XXX
Nov-99 XXX XXX XXX XXX XXX
Dec-99 XXX XXX XXX XXX XXX

1998 ACTUAL RATES

FIRST FIRST SECOND HEADSTART ONTIME BAGGAGE HANDLING
DATE BENCHMARK FACTOR CANCELLATION RATE CANCELLATION RATE BENCHMARK BENCHMARK

Jan-98 XXX XXX XXX XXX XXX
Feb-98 XXX XXX XXX XXX XXX
Mar-98 XXX XXX XXX XXX XXX
Apr-98 XXX XXX XXX XXX XXX
May-98 XXX XXX XXX XXX XXX
Jun-98 XXX XXX XXX XXX XXX
Jul-98 XXX XXX XXX XXX XXX
Aug-98 XXX XXX XXX XXX XXX
Sep-98 XXX XXX XXX XXX XXX
Oct-98 XXX XXX XXX XXX XXX
Nov-98 XXX XXX XXX XXX XXX
Dec-98 XXX XXX XXX XXX XXX

1997 ACTUAL RATES

FIRST FIRST SECOND HEADSTART ONTIME BAGGAGE HANDLING
DATE BENCHMARK FACTOR CANCELLATION RATE CANCELLATION RATE BENCHMARK BENCHMARK

Jan-97 XXX XXX XXX XXX XXX
Feb-97 XXX XXX XXX XXX XXX
Mar-97 XXX XXX XXX XXX XXX
Apr-97 XXX XXX XXX XXX XXX
May-97 XXX XXX XXX XXX XXX
Jun-97 XXX XXX XXX XXX XXX
Jul-97 XXX XXX XXX XXX XXX
Aug-97 XXX XXX XXX XXX XXX
Sep-97 XXX XXX XXX XXX XXX
Oct-97 XXX XXX XXX XXX XXX
Nov-97 XXX XXX XXX XXX XXX

Dec-97 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 3

APPENDIX 3 BLOCK HOUR RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

BENCHMARK SL XXX XXX XXX XXX XXX

Jan-01 XXX XXX XXX XXX XXX

Feb-01 XXX XXX XXX XXX XXX

Mar-01 XXX XXX XXX XXX XXX

Apr-01 XXX XXX XXX XXX XXX

May-01 XXX XXX XXX XXX XXX

Jun-01 XXX XXX XXX XXX XXX

Jul-01 XXX XXX XXX XXX XXX

Aug-01 XXX XXX XXX XXX XXX

Sep-01 XXX XXX XXX XXX XXX

Oct-01 XXX XXX XXX XXX XXX

Nov-01 XXX XXX XXX XXX XXX

Dec-01 XXX XXX XXX XXX XXX

Jan-02 XXX XXX XXX XXX XXX

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Jul-02 XXX XXX XXX XXX XXX

Aug-02 XXX XXX XXX XXX XXX

Sep-02 XXX XXX XXX XXX XXX

Oct-02 XXX XXX XXX XXX XXX

Nov-02 XXX XXX XXX XXX XXX

Dec-02 XXX XXX XXX XXX XXX

Jan-03 XXX XXX XXX XXX XXX

Feb-03 XXX XXX XXX XXX XXX

Mar-03 XXX XXX XXX XXX XXX

Apr-03 XXX XXX XXX XXX XXX

May-03 XXX XXX XXX XXX XXX

Jun-03 XXX XXX XXX XXX XXX

Jul-03 XXX XXX XXX XXX XXX

Aug-03 XXX XXX XXX XXX XXX

Sep-03 XXX XXX XXX XXX XXX

Oct-03 XXX XXX XXX XXX XXX

Nov-03 XXX XXX XXX XXX XXX

Dec-03 XXX XXX XXX XXX XXX

Jan-04 XXX XXX XXX XXX XXX

Feb-04 XXX XXX XXX XXX XXX

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Apr-04 XXX XXX XXX XXX XXX

May-04 XXX XXX XXX XXX XXX

Jun-04 XXX XXX XXX XXX XXX

Jul-04 XXX XXX XXX XXX XXX

Aug-04 XXX XXX XXX XXX XXX

Sep-04 XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 4

APPENDIX 4 BLOCK HOUR RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX
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Jun-04 XXX XXX XXX XXX XXX

Jul-04 XXX XXX XXX XXX XXX
Aug-04 XXX XXX XXX XXX XXX
Sep-04 XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 5

APPENDIX 5 BLOCK HOUR RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX
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Nov-02 XXX XXX XXX XXX XXX
Dec-02 XXX XXX XXX XXX XXX
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Feb-03 XXX XXX XXX XXX XXX
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Jul-03 XXX XXX XXX XXX XXX
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Nov-03 XXX XXX XXX XXX XXX
Dec-03 XXX XXX XXX XXX XXX
Jan-04 XXX XXX XXX XXX XXX
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Apr-04 XXX XXX XXX XXX XXX

May-04 XXX XXX XXX XXX XXX
Jun-04 XXX XXX XXX XXX XXX
Jul-04 XXX XXX XXX XXX XXX
Aug-04 XXX XXX XXX XXX XXX
Sep-04 XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 6

APPENDIX 6 BLOCK HOUR RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX
Sep-01 XXX XXX XXX XXX XXX
Oct-01 XXX XXX XXX XXX XXX
Nov-01 XXX XXX XXX XXX XXX
Dec-01 XXX XXX XXX XXX XXX
Jan-02 XXX XXX XXX XXX XXX
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Mar-02 XXX XXX XXX XXX XXX
Apr-02 XXX XXX XXX XXX XXX
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Aug-02 XXX XXX XXX XXX XXX
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Oct-02 XXX XXX XXX XXX XXX
Nov-02 XXX XXX XXX XXX XXX
Dec-02 XXX XXX XXX XXX XXX
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Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 7

APPENDIX 7 BLOCK HOURS

DATE B1900 ATR42 EMB120 RJ135 RJ145

Row 1 XXX XXX XXX XXX XXX
Row 2 XXX XXX XXX XXX XXX
Row 3 XXX XXX XXX XXX XXX

Appendix 7 Block Hours XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 8

FIRST FORECAST FIRST FORECAST FIRST FORECAST

DATE RATES RATE - COMPONENT 1 RATE - COMPONENT 2

Jan-01 XXX XXX XXX
Feb-01 XXX XXX XXX
Mar-01 XXX XXX XXX
Apr-01 XXX XXX XXX
May-01 XXX XXX XXX
Jun-01 XXX XXX XXX
Jul-01 XXX XXX XXX
Aug-01 XXX XXX XXX
Sep-01 XXX XXX XXX
Oct-01 XXX XXX XXX
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Apr-04 XXX XXX
May-04 XXX XXX
Jun-04 XXX XXX
Jul-04 XXX XXX
Aug-04 XXX XXX
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Oct-04 XXX XXX
Nov-04 XXX XXX
Dec-04 XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 11

FIRST INCREMENTAL COST RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
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Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 12

SECOND INCREMENTAL COST RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
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Apr-04 XXX XXX XXX XXX XXX
May-04 XXX XXX XXX XXX XXX
Jun-04 XXX XXX XXX XXX XXX
Jul-04 XXX XXX XXX XXX XXX
Aug-04 XXX XXX XXX XXX XXX
Sep-04 XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 13

APPENDIX 13 INCREMENTAL COST RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX
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Oct-01 XXX XXX XXX XXX XXX
Nov-01 XXX XXX XXX XXX XXX
Dec-01 XXX XXX XXX XXX XXX
Jan-02 XXX XXX XXX XXX XXX
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Jun-04 XXX XXX XXX XXX XXX
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Sep-04 XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 14

APPENDIX 14 BLOCK HOUR RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

BENCHMARK SL XXX XXX XXX XXX XXX

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX

Jun-01 XXX XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX XXX
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Oct-01 XXX XXX XXX XXX XXX
Nov-01 XXX XXX XXX XXX XXX
Dec-01 XXX XXX XXX XXX XXX
Jan-02 XXX XXX XXX XXX XXX
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Aug-04 XXX XXX XXX XXX XXX
Sep-04 XXX XXX XXX XXX XXX
Oct-04 XXX XXX XXX XXX XXX
Nov-04 XXX XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 15

FIFTH INCREMENTAL COST RATE ALLOCATION

EXPENSE ALLOCATION METHODOLOGY

Aircraft Rent XXX
Maintenance Overhead XXX

Hull Insurance XXX
Employee Incentives XXX
Property Taxes XXX
Depreciation XXX
Management Fee XXX
General & Administrative XXX
Airport Overhead XXX
CAL Fixed Pool of Expenses XXX
Glycol XXX
Snow Removal XXX
De-icing XXX
Airport Facility Rent XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 16a

PILOT HOTEL VOLUME

COST PER CONTRACT CONTRACT HOTEL STAYS PER RATE PER BLOCK HOUR FOR
DATE HOTEL STAY SCHEDULED BLOCK HOUR EXTRAORDINARY HOTEL STAYS

Jan-01 XXX XXX XXX
Feb-01 XXX XXX XXX
Mar-01 XXX XXX XXX
Apr-01 XXX XXX XXX
May-01 XXX XXX XXX
Jun-01 XXX XXX XXX
Jul-01 XXX XXX XXX
Aug-01 XXX XXX XXX
Sep-01 XXX XXX XXX
Oct-01 XXX XXX XXX
Nov-01 XXX XXX XXX
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Jan-02 XXX XXX XXX
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Apr-02 XXX XXX XXX
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Jul-02 XXX XXX XXX
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Oct-04 XXX XXX XXX
Nov-04 XXX XXX XXX
Dec-04 XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 16b

FLIGHT ATTENDANT HOTEL VOLUME

COST PER CONTRACT CONTRACT HOTEL STAYS PER RATE PER BLOCK HOUR FOR
DATE HOTEL STAY SCHEDULED BLOCK HOUR EXTRAORDINARY HOTEL STAYS

Jan-01 XXX XXX XXX
Feb-01 XXX XXX XXX
Mar-01 XXX XXX XXX
Apr-01 XXX XXX XXX
May-01 XXX XXX XXX
Jun-01 XXX XXX XXX
Jul-01 XXX XXX XXX
Aug-01 XXX XXX XXX
Sep-01 XXX XXX XXX
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Nov-01 XXX XXX XXX
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Jul-04 XXX XXX XXX
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Sep-04 XXX XXX XXX
Oct-04 XXX XXX XXX
Nov-04 XXX XXX XXX
Dec-04 XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 17a

ASSUMED PILOT TRAINING COST PER CYCLE

TRAINING CYCLE 2001 2002 2003 2004

RJ

Transitional XXX XXX XXX XXX
Upgrade XXX XXX XXX XXX
New Hire XXX XXX XXX XXX
Recur Ground XXX XXX XXX XXX
Recur Flight XXX XXX XXX XXX

ATR

Transitional XXX XXX XXX XXX
Upgrade XXX XXX XXX XXX
New Hire XXX XXX XXX XXX
Recur Ground XXX XXX XXX XXX
Recur Flight XXX XXX XXX XXX

120

Transitional XXX XXX XXX XXX
Upgrade XXX XXX XXX XXX
New Hire XXX XXX XXX XXX
Recur Ground XXX XXX XXX XXX
Recur Flight XXX XXX XXX XXX

BEECH

Transitional XXX XXX XXX XXX
Upgrade XXX XXX XXX XXX
New Hire XXX XXX XXX XXX
Recur Ground XXX XXX XXX XXX
Recur Flight XXX XXX XXX XXX

TOTAL

Transitional XXX XXX XXX XXX

Upgrade XXX XXX XXX XXX

New Hire XXX XXX XXX XXX

Recur Ground XXX XXX XXX XXX

Recur Flight XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 17b

PILOT NEW HIRE TRAINING CYCLES

DATE B1900 ATR EMB120 RJ

Jan-01 XXX XXX XXX XXX

Feb-01 XXX XXX XXX XXX

Mar-01 XXX XXX XXX XXX

Apr-01 XXX XXX XXX XXX

May-01 XXX XXX XXX XXX

Jun-01 XXX XXX XXX XXX

Jul-01 XXX XXX XXX XXX

Aug-01 XXX XXX XXX XXX

Sep-01 XXX XXX XXX XXX

Oct-01 XXX XXX XXX XXX

Nov-01 XXX XXX XXX XXX

Dec-01 XXX XXX XXX XXX

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Dec-03 XXX XXX XXX XXX

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Jun-04 XXX XXX XXX XXX
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Nov-04 XXX XXX XXX XXX
Dec-04 XXX XXX XXX XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 17c

PILOT TRANSITIONAL TRAINING CYCLES

DATE B1900 ATR EMB120 RJ

Jan-01 XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX
May-01 XXX XXX XXX XXX
Jun-01 XXX XXX XXX XXX
Jul-01 XXX XXX XXX XXX
Aug-01 XXX XXX XXX XXX
Sep-01 XXX XXX XXX XXX
Oct-01 XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 17d

PILOT UPGRADE TRAINING CYCLES

DATE B1900 ATR EMB120 RJ

Jan-01 XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 17e

PILOT RECURRENT FLIGHT TRAINING CYCLES

DATE B1900 ATR EMB120 RJ

Jan-01 XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX
May-01 XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 17F

PILOT RECURRENT GROUND TRAINING CYCLES

DATE B1900 ATR EMB120 RJ

Jan-01 XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 18a

PILOT PER DIEM

AMOUNT PAYABLE PER DIEM HOURS PER
DATE PER DIEM HOUR SCHEDULED BLOCK HOUR

Jan-01 XXX XXX
Feb-01 XXX XXX
Mar-01 XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 18b

FLIGHT ATTENDANT PER DIEM

AMOUNT PAYABLE PER DIEM HOURS PER
DATE PER DIEM HOUR SCHEDULED BLOCK HOUR

Jan-01 XXX XXX
Feb-01 XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 19

PILOT SOFT TIME RECONCILIATION

AMOUNT PAYABLE PER FLIGHT PAID HOURS PER SCHEDULED
DATE FLIGHT PAID HOUR PILOT BLOCK HOUR

Jan-01 XXX XXX
Feb-01 XXX XXX
Mar-01 XXX XXX
Apr-01 XXX XXX
May-01 XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 20

PILOT SENIORITY RECONCILIATION

AGGREGATE CONTINENTAL PILOTS AMOUNT PAYABLE PER AGGREGATE
DATE TERMINATED BY CONTRACTOR CONTINENTAL PILOT TERMINATED

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Feb-01 XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 21

AIRPORT AGENT VOLUME RECONCILIATION

AMOUNT PAYABLE PER AGENT IMPLIED IMPLIED IMPLIED IMPLIED
DATE AGENT PAID HOUR PAID HOURS SICK TIME % OVERTIME % HOLIDAY % VACATION %

Jan-01 XXX XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 22

RECONCILIATION OF EXPENSES (000'S)

B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a)
DATE (i) (ii) (iii) (iv) (v) (v) (vi) (vii) (viii) (viii) (viii) (ix)

Jan-01 XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX XXX
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RECONCILIATION OF EXPENSES (000'S)

B(9)(a) B(9)(a) B(9)(a) B(9)(a) B(9)(a)
DATE (x) (xi) (xii) (xiv) (xv)

Jan-01 XXX XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 22A

FIRST IMPLIED RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
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SECOND IMPLIED RATES THIRD IMPLIED

DATE B1900 ATR42 EMB120 RJ135 RJ145 EXPENSES (000'S)

Jan-01 XXX XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 22b

FOURTH IMPLIED RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

BENCHMARK SL XXX XXX XXX XXX XXX

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 22c

FIFTH IMPLIED RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

BENCHMARK SL XXX XXX XXX XXX XXX

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
Mar-01 XXX XXX XXX XXX XXX
Apr-01 XXX XXX XXX XXX XXX
May-01 XXX XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 22d

SIXTH IMPLIED RATES

DATE B1900 ATR42 EMB120 RJ135 RJ145

Jan-01 XXX XXX XXX XXX XXX
Feb-01 XXX XXX XXX XXX XXX
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May-01 XXX XXX XXX XXX XXX
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XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

APPENDIX 23

COST DIFFERENCE = XXX

XXX REPRESENTS CONFIDENTIAL INFORMATION OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT.

EXHIBIT A

DEFINITIONS

Actual Passengers - means, for any period, the actual Revenue Onboards on Scheduled Flights during such period.

Adjusted Appendix 14 Block Hour Rate - is defined in Paragraph B(6)(c) of Schedule 3.

Administrative Support and Information Services Provisioning Agreement - means that certain Administrative Support and Information Services Provisions Agreement, dated as of January 1, 2001, among Continental, Holdings and ExpressJet, in the form attached hereto as Exhibit E (or as otherwise agreed or amended).

Agent Paid Hours - means the hours (including sick, holiday, overtime, and vacation) for which agents at Contractor Airports are paid to ground handle Scheduled Flights.

Agreement - means the Amended and Restated Capacity Purchase Agreement, dated as of April 17, 2002, among Continental, Holdings, XJT and ExpressJet.

Ancillary Agreements - means each of the agreements entered into by Continental and Contractor substantially in the form of Exhibits B, C, E, and F hereto, together with all amendments, exhibits, schedules and annexes thereto.

Appendix 1 Expenses - are set forth on Appendix 1 to Schedule 3.

Appendix 3 Block Hour Rate - is set forth for each aircraft type and month on Appendix 3 to Schedule 3.

Appendix 4 Block Hour Rate - is set forth for each aircraft type and month on Appendix 4 to Schedule 3.

Appendix 5 Block Hour Rate - is set forth for each aircraft type and month on Appendix 5 to Schedule 3.

Appendix 6 Block Hour Rate - is set forth for each aircraft type on Appendix 6 to Schedule 3.

Appendix 7 Block Hours - is set forth for each aircraft type on Appendix 7 to Schedule 3.

Appendix 9 Rate Per Block Hour - is set forth for each aircraft type on Appendix 9 to Schedule 3.

Appendix 13 Incremental Cost Rate - is set forth for each aircraft type and month on Appendix 13 to Schedule 3.

Appendix 14 Block Hour Rate - is set forth for each aircraft type and month on Appendix 14 to Schedule 3.

Exhibit A-1

Average Peer Group Rates - means, with respect to any insurance coverage, the average cost of such insurance coverage to the five regional airlines with annual revenues closest to those of Contractor, as determined by available information obtained from public sources or reputable insurance brokers.

Baggage Handling Benchmark - means, for any applicable month, the number of bags that were not properly handled (as measured by claims filed for mishandled baggage) at Contractor Airports, per 1,000 Enplanements at Contractor Airports during the last five full calendar years immediately preceding such month for which such calculations are available as of such date of determination (but excluding from these calculations all data for September 2001 and for any month in which a Labor Strike shall have occurred); provided that in no event shall the Baggage Handling Benchmark be above {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}.

Base Compensation - is defined in Paragraph A(1) of Schedule 3.

Base Term - is defined in Section 9.01.

Block Hour Rate - means, for any month, the Base Compensation for such month divided by the total number of block hours comprising the Scheduled Flights during such month.

Business Day - means each Monday, Tuesday, Wednesday, Thursday and Friday unless such day shall be a day when financial institutions in New York, New York or Houston, Texas are authorized by law to close.

Cause - means (i) bankruptcy of ExpressJet, XJT or Holdings, (ii) the suspension or revocation of Contractor's authority to operate as a scheduled airline, (iii) the ceasing of Contractor's operations as a scheduled airline, other than as a result of a Labor Strike and other than any temporary cessation not exceeding 14 days in length, (iv) the occurrence of a Labor Strike that shall have continued for 90 days or (v) a willful or intentional material breach of this Agreement by ExpressJet, XJT or Holdings that substantially deprives Continental of the benefits of this Agreement, which breach shall have continued for 90 days after notice thereof is delivered to ExpressJet, XJT or Holdings, as the case may be.

Change of Control - means:

(i) ExpressJet, XJT or Holdings consolidates with, or merges with or into, another Person or conveys, transfers, leases or otherwise disposes of all or substantially all of its assets to any Person, or any Person consolidates with, or merges with or into, ExpressJet, XJT or Holdings, in any such event pursuant to a transaction in which the voting securities of ExpressJet, XJT or Holdings are converted into or exchanged for cash or securities, except where the holders of voting securities of ExpressJet, XJT or Holdings immediately prior to such transaction own not less than a majority of the voting securities of the surviving or transferee corporation

Exhibit A-2

immediately after such transaction, in each case other than any such transaction between ExpressJet, XJT and/or Holdings, on the one hand, and Continental and/or any of its Subsidiaries on the other;

(ii) a transaction, other than one described in clause (i) above, as a result of which ExpressJet, XJT or Holdings and a Major Carrier (other than Continental) are legally combined;

(iii) a transaction, other than one described in clause (i) above, as a result of which ExpressJet, XJT or Holdings acquires, directly or indirectly, beneficial ownership of 10% or more of the capital stock or voting power of an air carrier (other than Continental and its successors and any Subsidiary thereof), the consolidated annual revenues of which for the most recently completed fiscal year for which audited financial statements are available are in excess of \$1 billion as of the date of determination (or the U.S. dollar equivalent thereof);

(iv) the direct or indirect acquisition by a Major Carrier (other than Continental) or any Person directly or indirectly controlling a Major Carrier of beneficial ownership of 10% or more of the capital stock or voting power of ExpressJet, XJT or Holdings;

(v) the direct or indirect acquisition by any "person" or "group" (as such terms are used in Section 13(d) of the Securities Exchange Act of 1934) not described in clause (iv) above, of beneficial ownership of more than 25% of the capital stock or voting power of ExpressJet, XJT or Holdings, other than (A) Continental or its Subsidiaries or (B) any "person" or "group" that is a Person who has a Schedule 13G on file with the Securities and Exchange Commission pursuant to the requirements of Rule 13d-1 under the Securities Exchange Act of 1934 (the "Exchange Act") with respect to its holdings of ExpressJet's, XJT's or Holdings' voting securities (a "13G Person"), so long as (1) such 13G Person is principally engaged in the business of managing investment funds for unaffiliated securities investors and, as part of such 13G Person's duties as agent for fully managed accounts, holds or exercises voting or dispositive power over ExpressJet's, XJT's or Holdings' voting securities, (2) such 13G Person acquires and continues to have beneficial ownership of ExpressJet's, XJT's or Holdings' voting securities pursuant to trading activities undertaken in the ordinary course of such 13G Person's business and not with the purpose nor the effect, either alone or in concert with any 13G Person, of exercising the power to direct or cause the direction of the management and policies of ExpressJet, XJT or Holdings or of otherwise changing or influencing the control of ExpressJet, XJT or Holdings, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Exchange Act and (3) such 13G Person is not obligated to, and does not, file a Schedule 13D with respect to the securities of ExpressJet, XJT or Holdings; provided, that a "Change of Control" shall not occur pursuant to this clause (v) if such "person" or "group" reduces its ownership of the capital stock or voting power of ExpressJet,

XJT or Holdings, as the case may be, to less than 25% within 30 days of the acquisition of ownership of at least 25% of such capital stock or voting power;

(vi) the liquidation or dissolution of ExpressJet, XJT or Holdings in connection with which Contractor ceases operations as an air carrier;

(vii) the sale, transfer or other disposition of all or substantially all of the airline assets of ExpressJet, XJT or Holdings on a consolidated basis directly or indirectly to a Major Carrier (other than Continental) or its affiliate, whether in a single transaction or a series of related transactions;

(viii) the direct or indirect acquisition, whether in a single transaction or a series of related transactions, by ExpressJet, XJT or Holdings of airline assets and associated employees, which airline assets on a stand-alone basis would have pro forma annual passenger revenues for the most recently completed four fiscal quarters for which financial statements can be reasonably prepared in excess of the Revenue Threshold;

(ix) individuals who constitute the Board of Directors of ExpressJet, XJT or Holdings as of March 1, 2002 (each such individual, an "Incumbent Director") cease for any reason to constitute at least a majority of the applicable Board of Directors (each such board constituted of a majority of Incumbent Directors, an "Incumbent Board"); provided that any individual becoming a director subsequent to March 1, 2002 whose appointment to fill a vacancy or to fill a new position on an Incumbent Board or whose nomination for election by the shareholders of ExpressJet, XJT or Holdings, as the case may be, was approved by a vote of at least a majority of the directors of the applicable Incumbent Board shall be considered as though such individual were an Incumbent Director; or

(x) the execution by ExpressJet, XJT or Holdings of bona fide definitive agreements, the consummation of the transactions contemplated by which would result in a transaction described in the immediately preceding clauses (i), (ii), (iii), (iv), (v), (vi), (vii), (viii) or (ix).

Continental - means Continental Airlines, Inc., a Delaware corporation, and its successors and permitted assigns.

Continental Airport - means any airport at which Continental provides or arranges for the provision of ground handling services pursuant to the Continental Ground Handling Agreement.

Continental Ground Handling Agreement - means that certain IATA Standard Ground Handling Agreement (April 1993 version) between Continental and Contractor, together with Annex A thereto (Ground Handling Services, April 1993 version) and Annex B thereto substantially in the form of Exhibit C to the Master Facility and Ground Handling Agreement (or as otherwise agreed or amended) providing for the provision by or on

Exhibit A-4

behalf of Continental to Contractor of ground handling services at the airports specified therein.

Continental Marks - is defined in Exhibit G.

Continental Pilot - means a pilot who was employed by Continental as a pilot on September 10, 2001.

Continental Premium Surcharge Amount - is defined in Paragraph B(7)(d)(III) of Schedule 3.

Contract Fuel Rate - means the sum of the aircraft fuel capped rate of \$0.6110 per gallon for 2002 and \$0.6600 per gallon thereafter, the inplane capped rate of \$0.0571 per gallon, and tax capped rate of \$0.0520 per gallon.

Contract Hotel Stay - means a 24 hour or less stay in a hotel room by a pilot or flight attendant that was contracted for by Contractor no less than 12 hours in advance of such stay in connection with a Scheduled Flight, in accordance with current practices as of the date hereof; provided that in no event shall a Contract Hotel Stay include an Extraordinary Hotel Stay or include a hotel stay as a result of pilot or flight attendant training.

Contractor - means, collectively, ExpressJet, XJT and Holdings.

Contractor Airport - means (i) any airport at which Contractor provides or arranges for the provision of ground handling services pursuant to the Contractor Ground Handling Agreement, and (ii) any other airport into or out of which Contractor operates any Scheduled Flight and which is not a Continental Airport.

Contractor Ground Handling Agreement - means that certain IATA Standard Ground Handling Agreement (April 1993 version) between Continental and Contractor, together with Annex A thereto (Ground Handling Services, April 1993 version) and Annex B thereto substantially in the form

of Exhibit D to the Master Facility and Ground Handling Agreement (or as otherwise agreed or amended) providing for the provision by or on behalf of Continental to Contractor of ground handling services at the airports specified therein

Contractor Marks - is defined in Exhibit H.

Contractor Premium Surcharge Amount - is defined in Paragraph B(7)(e)(IV) of Schedule 3.

Contractor Premium Surcharge Limit - is defined in Paragraph B(7)(e)(III) of Schedule 3.

Contractor Premium Surcharge Overflow Amount - is defined in Paragraph B(7)(e)(V) of Schedule 3.

Exhibit A-5

Contractor Services - is defined in the Master Facility and Ground Handling Agreement.

Controllable Cancellation - means a cancellation of a Scheduled Flight that is not an Uncontrollable Cancellation.

Cost Factor - means 0.10 (or, where such term is to be expressed as a percentage, 10%).

Cost Difference - is defined in Appendix 23 to Schedule 3.

Covered Aircraft - means all aircraft listed on Schedule 1 acquired or to be acquired under the Embraer Contract, as adjusted from time to time for additional aircraft pursuant to Section 2.05 and for early withdrawals pursuant to Section 2.02.

Covered Aircraft Sublease - means a sublease (or lease) substantially in the form of Exhibit B (or as otherwise agreed or amended) between Continental and Contractor pursuant to which Contractor subleases (or leases) a Covered Aircraft from Continental.

Delivered Covered Aircraft - means, as of any date of determination, the Covered Aircraft that have been delivered to Contractor, excluding all Turboprop Aircraft.

DOT - means the United States Department of Transportation.

Early Withdrawal Schedule - means the schedule, determined as provided in Section 2.02 of this Agreement, for Covered Aircraft to become Uncovered Aircraft.

Effective Date - means, with respect to any initial notice of reduction delivered by Continental pursuant to Section 2.02 hereunder, the date selected by Continental that is not more than 18 and not less than 12 months after the date of such notice.

Eighth Implied Rate - is set forth for each aircraft type and month on Appendix 22f.

Embraer - means Empresa Brasileira de Aeronautica S.A., a Brazilian corporation with its principal place of business in Sao Paulo, Brazil.

Embraer Contract - means, collectively, Purchase Agreement No. GPJ-003/96 between Embraer and XJT dated August 5, 1996, Letter of Agreement No. GPJ-004/96 between Embraer and XJT dated August 5, 1996, Letter of Agreement No. PCJ-004A/96 among Embraer, Continental and XJT dated August 31, 1996, Purchase Agreement No. DCT-054/98, between Embraer and XJT dated December 23, 1998, Letter of Agreement No. DCT-059/2000 between Embraer and XJT dated October 27, 2000, Letter of Agreement No. DCT-055/98 between Embraer and XJT dated December 23, 1998, Letter of Agreement No. DCT-058/2000 between Embraer and XJT dated October 27, 2000, and EMB-135 Financing Letter of Agreement among Continental, Embraer and XJT dated March 23, 2000, in each case including such amendments and supplements as incorporated by reference in Holding's registration statement on Form S-1 (Registration No. 333-64808) as Exhibits 10.12 - 10.19.

Embraer ERJ-145 Fleet - means all Covered Aircraft that are ERJ-145 aircraft.

Exhibit A-6

Embraer ERJ-135 Fleet - means all Covered Aircraft that are ERJ-135 aircraft.

Embraer Fleets - means any of the Embraer ERJ-135 Fleet, the Embraer ERJ-145 Fleet or the Embraer XRJ-145 Fleet

Embraer Option Aircraft - means any of the 100 Embraer regional jet aircraft that Contractor has an option to purchase under the Embraer Contract as of the date hereof.

Embraer XRJ-145 Fleet - means all Covered Aircraft that are XRJ-145 aircraft.

Engine - means any jet aircraft engine that constitutes an "Engine," as such term is defined in a Covered Aircraft Sublease for a jet aircraft, under such Covered Aircraft Sublease.

Enplanement - means one passenger for such passenger's entire one-way flight itinerary, regardless of how many Scheduled Flights or flight segments comprise such itinerary.

Excess Insurance Costs - means, in respect of any insurance policy obtained by Contractor, the cost of such insurance coverage, if any, in excess of the amount such insurance coverage would have cost if Contractor and Continental had participated in a combined placement pursuant to Section 7.04.

Excess Inventory - means, at any time of determination, the spare engines and other rotatable parts, repairable parts, expendable parts and other miscellaneous spare parts comprising components of the Covered Aircraft that are, in the reasonable judgment of Contractor and as a result of a reduction in the number of Covered Aircraft, in excess of the needs of Contractor for the provision of Regional Airline Services at such time of determination.

Excluded Costs - means, for any Performance Period, (i) labor costs (including all wages, salaries and other benefits to all Contractor officers and other employees, including contract employees) incurred in such period in excess of those for which Contractor is entitled to reimbursement pursuant to the Block Hour Rates then in effect and, with respect to certain benefits, the reconciliation provisions of Schedule 3, (ii) all costs allocable to Scheduled Flights cancelled during such period as a result of strikes and other labor actions, disputes or interruptions, and other costs incurred during such period outside of the ordinary course of business in connection with such events, (iii) costs resulting from allocable to Scheduled Flights cancelled during such period as a result of an event constituting Cause, and other costs incurred during such period outside of the ordinary course of business in connection with such event, (iv) costs of litigation and threatened litigation (including investigations, attorney's fees, adverse judgments and settlements not covered by insurance) incurred during such period and (v) other expenses incurred during such period that do not comprise a portion of the Block Hour Rates reflected in Schedule 3 and are not reasonable and customary in the industry, or were not otherwise approved in advance by Continental (it being understood that the expenses reimbursed pursuant to reconciliation provisions of Schedule 3 constitute expenses that comprise a portion of the Block Hour Rates reflected in Schedule 3).

Exhibit A-7

Excluded Revenue - means, for any Performance Period, all incentive compensation payable in respect of such period pursuant to Paragraph A(2)(a) and Paragraph A(2)(b) of Schedule 3, and all Incentive Amounts payable pursuant to Paragraph B(6)(c) and Paragraph B(6)(d) of Schedule 3 in respect of such period.

Existing Hub Airports - means George Bush Intercontinental Airport in Houston, Texas, Hopkins International Airport in Cleveland, Ohio and Newark International Airport in Newark, New Jersey.

ExpressJet - means ExpressJet Airlines, Inc., a Delaware corporation (formerly New ExpressJet Airlines, Inc.), and its successors and permitted assigns.

Extension Term - is defined in Section 9.02.

Extraordinary Hotel Stay - means a 24 hour or less stay in a hotel room by a pilot or flight attendant that was reserved by Contractor no more than 12 hours in advance of such stay as a result of an unexpected event in connection with a Scheduled Flight, in accordance with current practices as of the date hereof, such as a cancellation or delay of the Scheduled Flight as a result of weather or air traffic control; provided that in no event shall an Extraordinary Hotel Stay include a Contract Hotel Stay or include a hotel stay as a result of pilot or flight attendant training.

Fifth Implied Rate - is set forth for each aircraft type and month on Appendix 22c.

Fifth Incremental Cost Rate - is defined in Paragraph B(6)(c) of Schedule 3.

Final Monthly Schedule - means the final schedule of Scheduled Flights for the next calendar month delivered by Continental to Contractor pursuant to Section 2.01(b).

FINAME - means Agencia Especial de Financiamento Industrial, a Brazilian federal public company with its principal place of business in Rio de Janeiro, Brazil.

First Adjusted Block Hour Rate - is defined in Paragraph A(1) of Schedule 3.

First Benchmark Factor - is defined in Paragraph A(1) of Schedule 3.

First Cancellation Number - is defined in Paragraph B(6)(a) of Schedule 3.

First Cancellation Rate - means for any calendar month, the average percentage (expressed as a decimal fraction) of Contractor's Scheduled Flights (or, for all periods prior to the date hereof, scheduled flights) which constituted Uncontrollable Cancellations during such month in each of the last five full calendar years for which such calculations are available as of such date of calculation (but excluding from these calculations all data for September 2001 and for any month in which a Labor Strike shall have occurred).

First Forecast Rate-Component 1 - is set forth for each month on Appendix 8 to Schedule 3.

Exhibit A-8

First Forecast Rate-Component 2 - is set forth for each month on Appendix 8 to Schedule 3.

First Implied Rate - is set forth for each aircraft type and month on Appendix 22a.

First Incremental Cost Rate - is set forth for each aircraft type and month on Appendix 11 to Schedule 3.

First Weighted Average Number - is defined in Paragraph A(1) of Schedule 3.

Flight Attendant Per Diem Hour - means each hour that a flight attendant accrues the right to receive a per diem payment as a result of a Scheduled Flight.

Flight Cancellation Reconciliation - is defined in Paragraph B(6) of Schedule 3.

Flight Hour Agreement - means that certain AE3007A Series Engine Fleet Hour Agreement, dated as of March 6, 2000, between Allison Engine Company, Inc., doing business as Rolls-Royce Allison, and XJT.

Flight Overfly Reconciliation - is defined in Paragraph B(5) of Schedule 3.

Forecasted Passengers - means, for any month, the forecasted Revenue Onboards derived from the Final Monthly Schedule for the previous month.

Fourth Block Hour Rate - is defined in Paragraph A(1) of Schedule 3.

Fourth Cancellation Number - is defined in Paragraph B(6)(d) of Schedule 3.

Fourth Implied Rate - is set forth for each aircraft type and month on Appendix 22b.

Fourth Incremental Cost Rate - is defined in Paragraph B(6)(c) of Schedule 3.

Fuel Price - means Contractor's cost of fuel, exclusive of costs associated with intoplane and fuel taxes.

Fuel Purchasing Agreement - means that certain Fuel Purchasing Agreement, dated as of January 1, 2001, between Continental and Contractor, in the form attached hereto as Exhibit F (or as otherwise agreed or amended).

Fuel-Related Component - means any of the three components of fuel-related expense: (i) fuel, (ii) intoplane and (iii) fuel tax.

Fuel-Related Component Expense - means the expense, on a component-by-component basis, of any of the Fuel-Related Components.

Fuel-Related Expense - means, collectively, fuel, intoplane and fuel tax expenses.

Funding Agreement - means the Funding Agreement, dated as of October 27, 2000, among Continental, XJT and FINAME, as amended and supplemented from time to time.

Exhibit A-9

Headstart Flight - means a flight that is the first departure of the day for an aircraft; provided that such departure is before 10am local time and that the aircraft has been on the ground for at least four hours prior to departure.

Headstart On-time Benchmark - means, for any month on or prior to December 31, 2001, the percentage (expressed as a decimal fraction) of Contractor's Headstart Flights that were On-time Headstart Flights during the years 1997 through 2000, and for any month on or after January 1, 2002, the percentage (expressed as a decimal fraction) of Contractor's Headstart Flights that were On-time Headstart Flights in the last five full calendar years immediately preceding such month for which such calculations are available as of such date of determination (but excluding from these calculations all data for September 2001 and for any month in which a Labor Strike shall have occurred); provided that in no event shall the Headstart On-time Benchmark be lower than {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}.

Holdings - means ExpressJet Holdings, Inc., a Delaware corporation, and its successors and permitted assigns.

Hub Airports - means (i) the Existing Hub Airports and (ii) any other airport at which Continental, together with its Subsidiaries and all other regional jets operating under Continental's code, operates an average of more than 50 flights/day during a relevant Performance Period.

Identification - means the Continental Marks, the aircraft livery set forth on Exhibit H, the Continental flight code and other trade names, trademarks, service marks, graphics, logos, employee uniform designs, distinctive color schemes and other identification selected by Continental in its sole discretion for the Regional Airline Services to be provided by Contractor, whether or not such identification is copyrightable or otherwise protected or protectable under federal law.

Immediate Withdrawal Election - is defined in Section 9.04(b)(i).

Incremental Passenger-Related Facilities - means Passenger-Related Terminal Facilities used by Contractor for the provision of Contractor Services, but only to the extent that such facilities are incremental to the facilities required by Continental at such airport, it being understood that facilities used by Continental for scheduled flights (including seasonally-scheduled flights and scheduled charter service) shall be deemed not to be incremental to Continental's requirements, notwithstanding the availability of alternative facilities for Continental's use.

Incentive Amount - means either (1) the portion of the reconciliation amount payable from Continental to Contractor pursuant to Paragraph B(6)(c) of Schedule 3 for a particular month and aircraft type equal to the product of (a) the difference between the Third Incremental Cost Rate and the First Incremental Cost Rate for such month and aircraft type, multiplied by (b) the Third Cancellation Number for such aircraft type, multiplied by (c) the actual number of block hours per flight for such aircraft type and

Exhibit A-10

calendar month, or (2) the portion of the reconciliation amount payable from Contractor to Continental pursuant to Paragraph B(6)(d) of Schedule 3 for a particular month and aircraft type equal to the product of (a) the difference between the Third Incremental Cost Rate and the First Incremental Cost Rate for such month and aircraft type, multiplied by (b) the Fourth Cancellation Number for such aircraft type, multiplied by (c) the average number of block hours per Scheduled Flight for such aircraft type and calendar month.

Labor Strike - means a labor dispute, as such term is defined in 29 U.S.C. Section 113(c) involving Contractor and some or all of its employees, which dispute results in a union-authorized strike occurring after the National Mediation Board has released the Contractor and such employees to self-help and the 30-day "cooling-off" period relating thereto shall have expired.

LIBOR - means, with respect to any Interest Period (as defined below), the rate of interest per annum appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified on Telerate Page 3750, the applicable rate shall be the arithmetic mean of all such rates. If, for any reason, such rate is not available, the term "LIBOR" shall mean, with respect to any Interest Period, the rate of interest per annum appearing on such other service as may be nominated by the British Bankers' Association as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if more than one rate is specified, the applicable rate shall be the arithmetic mean of all such rates. For purposes of this definition, the term "Interest Period" means a period of one, two, three or six months' duration, as Continental may elect, commencing, in each case, on the date of the relevant borrowing (including continuations and conversions of borrowings); provided, however, (a) if any Interest Period would end on a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day (except that where the next succeeding Business Day falls in the next succeeding calendar month, then on the next preceding Business Day), (b) no Interest Period shall extend beyond any applicable maturity date and (c) where an Interest Period begins on a day for which there is no numerically corresponding day in the calendar month in which the Interest Period is to end, such Interest Period shall end on the last Business Day of such calendar month.

Major Carrier - means an air carrier (other than Continental and its successors and any Subsidiary thereof), the consolidated annual revenues of which for the most recently completed fiscal year for which audited financial statements are available are in excess of the Revenue Threshold as of the date of determination (or the U.S. dollar equivalent thereof).

Major Loss - means an aviation-related accident or incident that results in the combined policy insurance providers establishing a reserve in an amount greater than the aggregate combined base premium amount for the year in which such accident or incident occurs, net of contribution from or subrogation against any third parties.

Exhibit A-11

Master Facility and Ground Handling Agreement - means that certain Master Facility and Ground Handling Agreement, dated as of January 1, 2001, between Continental and Contractor, in the form attached hereto as Exhibit C (or as otherwise agreed or amended).

New Contractor Pilot - means any Person actively employed by Contractor as a pilot whose employment began after January 1, 2002.

Original Capacity Purchase Agreement - means that certain Capacity Purchase Agreement, dated as of January 1, 2001, among Continental, Holdings and XJT.

On-time Headstart Flight - means a Headstart Flight that departed at or before the scheduled departure time.

Passenger-Related Terminal Facilities - is defined in the Master Facility and Ground Handling Agreement.

Performance Period - means a fiscal quarter.

Person - means an individual, partnership, limited liability company, corporation, joint stock company, trust, estate, joint venture, association or unincorporated organization, or any other form of business or professional entity.

Pilot Block Hours - means the product of scheduled block hours as set forth on the Final Monthly Schedule, multiplied by two.

Pilot Flight Paid Hours - means the hours for which Contractor's pilots are paid in connection with providing Regional Airline Services, excluding hours associated with training.

Pilot New Hire Training Cycle - means the training required to be provided by Contractor to qualify a newly-hired pilot to commence flying (whether as a first officer or a captain) an aircraft on behalf of Contractor as recorded in such pilot's training records pursuant to the requirements of the FAA.

Pilot Per Diem Hour - means each hour that a pilot accrues the right to receive a per diem payment as a result of a Scheduled Flight, excluding any per diem payments that are accrued as a result of pilot training.

Pilot Recurrent Flight Training Cycle - means the cycle of in-flight training required to be provided by Contractor to an existing pilot to maintain such pilot's qualifications to fly the aircraft type such pilot flies immediately before such training as recorded in such pilot's records pursuant to the requirements of the FAA.

Exhibit A-12

Pilot Recurrent Ground Training Cycle - means the cycle of on-the-ground training required to be provided by Contractor to an existing pilot to maintain such pilot's qualifications to fly the aircraft type such pilot flies immediately before such training as recorded in such pilot's records pursuant to the requirements of the FAA.

Pilot Transitional Training Cycle - means the training required to be provided by Contractor to qualify an existing pilot to fly another type of aircraft as recorded in such pilot's training records pursuant to the requirements of the FAA.

Pilot Upgrade Training Cycle - means the training required to be provided by Contractor to qualify a first officer as a captain in the aircraft type such pilot flies immediately before such training as recorded in such pilot's training records pursuant to the requirements of the FAA.

Prevailing Margin - means, for any Performance Period, the decimal fraction (in any event not less than zero) equal to Contractor's earnings before interest, taxes and extraordinary items derived from the Scheduled Flights (as determined by the separate books maintained by Contractor for the Regional Airline Services pursuant to Section 3.05(a)), divided by Contractor's aggregate revenues allocable to Scheduled Flights, in each case as reflected on the books and records of Contractor after giving effect to the provisions of Section 3.06(b), except for any reconciliation pursuant to Paragraph B(9)(d) of Schedule 3, and excluding Excluded Costs and Excluded Revenue.

Reasonable Operating Constraints - means the reasonable constraints on the operation of Scheduled Flights imposed by the aircraft type, maintenance requirements, crew training requirements, aircraft rotation requirements, and route authorities, slots and other applicable regulatory restrictions on flight schedules.

Reconciled Expenses - is defined in Paragraph B(9)(a) of Schedule 3.

Regional Airline Services - means the provisioning by Contractor to Continental of Scheduled Flights using the Covered Aircraft in accordance with this Agreement.

Replacement Aircraft - means an aircraft that is the same aircraft type, is substantially the same age (or newer), has substantially the same passenger configuration and is in substantially the same operating condition (or better) as the aircraft that is being so replaced.

Revenue Onboard - means one revenue-generating passenger on one flight segment, regardless of whether such flight segment is all or part of such passenger's entire one-way flight itinerary.

Revenue Threshold - means five hundred million dollars (\$500,000,000), as such amount may be increased based on the amount by which, for any date of determination, the most recently published Consumer Price Index for all-urban consumers published by the Department of Labor (the "CPI") has increased to such date above the CPI for calendar year 2000. For purposes hereof, the CPI for calendar year 2000 is the monthly average of the CPI for the 12 months ending on December 31, 2000.

Scheduled ASMs - means, for any period of calculation, the available seat miles for all Scheduled Flights during such period of calculation.

Exhibit A-13

Scheduled Flight - means a flight by a Covered Aircraft as determined by Continental pursuant to Section 2.01(b).

Second Block Hour Rate - is defined in Paragraph A(1) of Schedule 3.

Second Cancellation Number - is defined in Paragraph B(6)(b) of Schedule 3.

Second Cancellation Rate - means for any calendar month, the average percentage (expressed as a decimal fraction) of Contractor's Scheduled Flights (or, for all periods prior to the date hereof, scheduled flights) which constituted Controllable Cancellations during such month in each of the last five full calendar years for which such calculations are available as of such date of calculation (but excluding from these calculations all data for September 2001 and for any month in which a Labor Strike shall have occurred); provided that in no event shall the Second Cancellation Rate be above {CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT}.

Second Forecast Rate - is defined in Paragraph B(2) of Schedule 3.

Second Implied Rate - is set forth for each aircraft type and month on Appendix 22a.

Second Incremental Cost Rate - is set forth for each aircraft type and month on Appendix 12 to Schedule 3.

Second Weighted Average Number - is defined in Paragraph A(1) of Schedule 3.

Seventh Implied Rate - is set forth for each aircraft type and month on Appendix 22e.

Sixth Implied Rate - is set forth for each aircraft type and month on Appendix 22d.

Staffing Model - means the mathematical model used by Continental to predict the number of ground handling employee man-hours necessary to provide ground handling services for Scheduled Flights at Contractor Stations for a particular calendar month.

Staffing Model Agent Paid Hours - means, for any calendar month, the product of the base hours obtained from the Staffing Model for such month, multiplied by 1 plus the percentage amounts for sick time, overtime, holiday time, and vacation time set forth in Appendix 21 for such month.

Subsidiary - means, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by

such Person directly or indirectly through Subsidiaries and (b) any partnership, association, joint venture, limited liability company, joint stock company or any other form of business or professional

Exhibit A-14

entity, in which such Person directly or indirectly through Subsidiaries has more than 50% equity interest at any time.

System Flight Disruption - means the failure by Contractor to complete at least 90% of the aggregate Scheduled ASMs in any three consecutive calendar months, or at least 75% of the aggregate Scheduled ASMs in any consecutive 45-day period, in each case excluding the effect of Uncontrollable Cancellations and flight cancellations caused solely by non-carrier specific airworthiness directives or other non-carrier specific regulatory order; provided, that if the average number of Block Hours flown per Covered Aircraft during such period is more than the Trailing Utilization Rate, then the calculation for purposes of this definition shall disregard that number of Scheduled ASMs for such period as is necessary to reduce the average number of Block Hours flown per Covered Aircraft during such period to such Trailing Utilization Rate; provided further, that a System Flight Disruption shall be deemed to continue until the next occurrence of a single calendar month in which Contractor completes at least 90% of the aggregate Scheduled ASMs; and provided further, that completions and cancellations of Scheduled Flights on any day during which a Labor Strike is continuing shall not be taken into account in the foregoing calculations.

Term - means the Base Term and any Extension Terms as set forth in Sections 9.01 and 9.02, as earlier terminated pursuant to Section 9.03, and any Wind-Down Period.

Termination Date - means the date of early termination of this Agreement, as provided in a notice delivered from one party to the others pursuant to Section 9.03, or, if no such early termination shall have occurred and the Term shall not have been further extended pursuant to Section 9.02, the date of the end of the Base Term or the then-occurring Extension Term, as the case may be.

Third Block Hour Rate - is defined in Paragraph A(1) of Schedule 3.

Third Cancellation Number - is defined in Paragraph B(6)(c) of Schedule 3.

Third Implied Expenses - are set forth for each aircraft type and month on Appendix 22a.

Third Incremental Cost Rate - is defined in Paragraph B(6)(c) of Schedule 3.

Trailing Utilization Rate - means, as of any date of determination, the average number of Block Hours flown per Covered Aircraft for the last completed Performance Period.

Turboprop Aircraft - means any of the aircraft identified as turboprop aircraft on Schedule 1.

Uncontrollable Cancellation - means a cancellation of a Scheduled Flight that is solely weather-related, air traffic control-related or described in Paragraph B(6)(f) of Schedule 3, in each case as coded on Contractor's operations reports in accordance with Continental's standard coding policies and consistent with Contractor's past practices.

Exhibit A-15

Uncovered Aircraft - means aircraft owned, leased or operated by Contractor, other than Covered Aircraft.

Uncovered Aircraft Sublease - means a sublease (or lease) substantially in the form of Exhibit B (or as otherwise agreed or amended) between Continental and Contractor pursuant to which Contractor subleases (or leases) an Uncovered Aircraft from Continental for an increased lease rate (over the lease rate for a Covered Aircraft) equal to amount calculated pursuant to Schedule 2.

Undelivered Covered Aircraft - means, as of any date of determination, the Covered Aircraft that have not yet been delivered to Contractor.

Weighted Departure Number- is defined in Paragraph A(1) of Schedule 3.

Wind-Down Period - means the period after the Termination Date and until the time when the last Covered Aircraft has become an Uncovered Aircraft or has been returned to Continental (or its designee), as applicable.

Wind-Down Schedule - means the schedule, determined as provided in Article IX of this Agreement, for Covered Aircraft to become Uncovered Aircraft or be returned to Continental (or its designee), as applicable.

XJT - means XJT Holdings, Inc., a Delaware corporation (formerly ExpressJet Airlines, Inc.), and its successor and permitted assigns.

Exhibit A-16

EXHIBIT B

FORM OF AIRCRAFT SUBLEASE

FORM OF

[AMENDED AND RESTATED]

AIRCRAFT SUBLEASE AGREEMENT (XJT-___)

DATED AS OF _____, 20__

BETWEEN

CONTINENTAL AIRLINES, INC.

SUBLESSOR,

AND

EXPRESSJET AIRLINES, INC.

SUBLESSEE

The right, title and interest of Sublessor in and to, among other things, this Sublease Agreement has been assigned to and is subject to a security interest in favor of [____], a [____], as Security Trustee, under the Aircraft Security Agreement (XJT-___), dated as of [____], for the benefit of the holders of the Notes referred to in such Aircraft Security Agreement, all to the extent provided in such Aircraft Security Agreement. This Sublease Agreement has been executed in multiple counterparts; to the extent, if any, that this Sublease Agreement constitutes chattel paper (as defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), no security interest in Sublessor's right, title and interest in and to this Sublease Agreement may be perfected through the delivery or possession of any counterpart of this Sublease Agreement other than the counterpart of this Sublease Agreement that contains the original receipt executed by [____], as Security Trustee.

Exhibit B-2

FORM OF

[AMENDED AND RESTATED]

AIRCRAFT SUBLEASE AGREEMENT (XJT-___)

This Amended and Restated Aircraft Sublease Agreement (XJT-___) dated as of _____, 200__ (the "Sublease") by and between CONTINENTAL AIRLINES, INC., a Delaware corporation, as sublessor ("Sublessor"), and EXPRESSJET AIRLINES, INC., a Delaware corporation, as sublessee ("Sublessee").

RECITALS

Sublessor leases the airframe, engines and related equipment described in Exhibit A hereto pursuant to a lease agreement that is also described in Exhibit A.

[Include if subleased prior to 1/1/01: Sublessor and Sublessee entered into a sublease agreement of such airframe, engines and equipment described on Exhibit A (the "Original Sublease"). The parties desire to amend and restate the original sublease agreement as set forth herein.]

NOW THEREFORE, in consideration of the premises and the mutual promises herein contained, the parties hereto agree as follows:

1. Definitions. As used in this Sublease, the following terms shall have the following definitions, and each such definition shall be equally applicable to the singular and plural forms of such term:

"Aircraft" means the Airframe and the Engines.

"Airframe" means the airframe described on Exhibit A hereto.

"Basic Rent" means the rental amount payable at the times and in the amounts set forth in Schedule 1 hereto under the caption "Basic Rent" subject to adjustment as provided in the proviso to the first sentence of Section 3.

"Capacity Purchase Agreement" means that certain Capacity Purchase Agreement dated as of January 1, 2001, as amended, modified and supplemented from time, among Sublessor and Sublessee and certain affiliates of Sublessee, and any agreement between Sublessor and Sublessee that by its terms replaces such capacity purchase agreement.

"Covered Aircraft" has the meaning specified in the Capacity Purchase Agreement.

"Delivery Date" means [include if subleased prior to 1/1/01: the date of the Original Sublease] [include if subleased on or after 1/1/01: _____].

Exhibit B-3

"Engine" means any of the engines described on Exhibit A hereto or any engine substituted for any such engine by Sublessee hereunder but pursuant to the terms of the Head Lease as if Sublessee were "lessee" thereunder.

"Head Lease" means the lease agreement described on Exhibit A hereto as the same may be amended or modified from time to time.

"Head Lessor" means at any time, the entity then serving as the "Lessor" under the Head Lease.

"Operative Agreements" means all agreements or documents defined as "Operative Agreements" or "Operative Documents" in or as provided by the Head Lease, and all letter agreements pertaining thereto, and all other similar agreements or documents entered into in connection with and specifically relating to the Head Lease.

[Include if subleased prior to 1/1/01: "Original Sublease" has the meaning specified in the recitals to this Sublease.]

[Include if aircraft is BNDES-financed and subleased while Sublessee remains a Specified Affiliate of Sublessor: "Revised Basic Rent" the monthly rental amount payable at the times and in the amounts set forth in Schedule 1 hereto opposite the caption "Revised Basic Rent", subject to adjustment as provided in the proviso to the second sentence of Section 3.]

"Sublease" means this Sublease Agreement as the same may be amended or modified from time to time.

"Sublessee" means ExpressJet Airlines, Inc., a Delaware corporation, and its successors and assigns.

"Sublessor" means Continental Airlines, Inc., a Delaware corporation, and its successors and assigns.

"Supplemental Rent" means an amount equal to (i) all amounts payable under the Head Lease as "Supplemental Rent" thereunder, (ii) without duplication, all other amounts payable by the Sublessor under any other Operative Agreement and (iii) without duplication, all amounts payable by the Sublessee under this Sublease other than Basic Rent [Include if aircraft is BNDES-financed and subleased while Sublessee remains a Specified Affiliate of Sublessor: and Supplemental Rent].

"Uncovered Aircraft" means aircraft owned, leased or operated by Sublessee, other than Covered Aircraft.

All other capitalized terms used herein and not otherwise defined shall have the meaning provided therefor in the Head Lease.

2. Sublease. On the terms and subject to the conditions of this Sublease, the Sublessor agrees to sublease the Aircraft to the Sublessee, and the Sublessee agrees to sublease the Aircraft from the Sublessor, for a term beginning on the Delivery Date and ending on the date on which the term of the Head Lease terminates in accordance with its terms, whether as a

Exhibit B-4

result of the expiration of the term thereof, or as a result of earlier termination following the occurrence of a Lease Event of Default thereunder or otherwise, unless this Sublease is terminated earlier pursuant to the Capacity Purchase Agreement. If the Sublessor has the right, by exercise of a renewal or similar option, to extend the term of the Head Lease, Sublessor shall, at the request of the Sublessee, exercise any such right so as to extend the term of this Sublease; provided that Sublessee may not request such an extension and Sublessor

shall have no obligation to exercise any such renewal or similar option to extend the term of the Head Lease if, on or prior to the date on which Sublessor would otherwise exercise such renewal or similar option, (A) an Event of Default under Section 7 of this Sublease shall have occurred and be continuing, (B) the Aircraft has become, or Sublessor has notified Sublessee that the Aircraft is scheduled to become, an Uncovered Aircraft pursuant to the terms of the Capacity Purchase Agreement, (C) Sublessor has notified Sublessee that this Sublease will be terminated pursuant to the terms of the Capacity Purchase Agreement, or (D) Sublessor and Sublessee shall not have agreed on the amount of Basic Rent [Include if aircraft is BNDES-financed and subleased while Sublessee remains a Specified Affiliate of Sublessor: or Revised Basic Rent, as the case may be] applicable during such extension of the term. Notwithstanding the foregoing, if the Sublessor is not entitled to possession of the Aircraft under the Head Lease for any reason, the right of the Sublessee to possession of the Aircraft under this Sublease shall likewise terminate and the Sublessee shall immediately redeliver possession of the Aircraft to the Sublessor, or if required under the Head Lease, to the Head Lessor. This Sublease shall be for all purposes a sublease of the Aircraft, and not an assignment of the Head Lease to the Sublessee.

3. Rent. The Sublessee shall pay as rent under this Sublease Basic Rent to Sublessor, which shall be paid at the times provided on Schedule 1, [Include if aircraft is BNDES-financed and subleased while Sublessee remains a Specified Affiliate of Sublessor: for so long as Sublessee shall be a Specified Affiliate,] and Supplemental Rent to the person entitled thereto immediately upon demand thereof, to the end that the Sublessee will pay directly to the party entitled thereto any and all Supplemental Rent amounts payable by the Sublessor; provided, that if the Aircraft shall become an Uncovered Aircraft under the terms of the Capacity Purchase Agreement, then from and after the date on which the Aircraft becomes an Uncovered Aircraft, the amount of Basic Rent payable under this Sublease shall be recalculated by increasing the relevant interest rate used in the original calculations of Basic Rent on the Delivery Date by the number of basis points set forth in Schedule 2 hereto opposite the caption "Uncovered Aircraft Basic Rent Adjustment". [Include if aircraft is BNDES-financed and subleased while Sublessee remains a Specified Affiliate of Sublessor: If Sublessee shall cease to be a Specified Affiliate, then Sublessee shall pay as rent under this Sublease Revised Basic Rent, which shall be paid at the times provided on Schedule 1; provided, that if the Aircraft shall become an Uncovered Aircraft under the terms of the Capacity Purchase Agreement, then from and after the date on which the Aircraft becomes an Uncovered Aircraft, the amount of Revised Basic Rent payable under this Sublease shall be recalculated by increasing the relevant interest rate used in the original calculations of Revised Basic Rent by the number of basis points set forth in Schedule 2 hereto opposite the caption "Uncovered Aircraft Basic Rent Adjustment".]

4. Terms of the Sublease. Except as expressly provided in this Sublease, the obligations of the Sublessee under this Sublease to the Sublessor or in respect of the Aircraft shall be identical in all respects to the obligations of the Sublessor as "Lessee" under the Head Lease to the Head Lessor or in respect of the Aircraft. In furtherance thereof, except as set forth in Section 5(c) below:

- (a) The Sublessee shall take or cause to be taken any and all actions required of the "Lessee" under the Head Lease as if the Sublessee was Lessee thereunder, and
- (b) The Sublessee will refrain from taking, and shall cause any other person to refrain from taking, any action which the "Lessee" under the Head Lease is prohibited from taking or is required to prohibit any party from taking, in each case as if the Sublessee was "Lessee" thereunder.

Exhibit B-5

The terms of the Head Lease are incorporated herein by reference in their entirety with the same effect as if such terms were set out herein and, unless the context in the Head Lease otherwise requires, as if the Sublessor were "Lessor" and the Sublessee were "Lessee" thereunder, and Sublessee agrees to be bound by the same as though the same were set forth herein in full. Without intending to limit the scope of the foregoing provisions of this Section 4, the Sublessee agrees (i) to maintain the aircraft (including the Airframe and Engines) and cause the Aircraft to be registered as required by the Head Lease, (ii) to operate and possess the Aircraft only as permitted by the Head Lease, (iii) to provide inspection rights and the insurance required by the Head Lease, which policies of insurance shall name, in addition to any parties required by the Head Lease, Sublessor as an additional named insured and as an additional recipient of all notices to be received by the Head Lessor with respect to any such policies of insurance, (iv) to keep the Aircraft free of any and all Liens as required by the Head Lease, (v) to return the Aircraft in the condition required by the Head Lease, including any provisions relating to time or cycles remaining on any time or cycle controlled parts, at the termination of this Sublease, except as set forth in Section 5(c) below, and (vi) not to permit a Lease Default or Lease Event of Default to occur under the Head Lease, and the Sublessor shall have all of the rights of the "Lessor" under the Head Lease with respect to enforcement of such rights. Notwithstanding any other provision hereof, this Sublease and Sublessee's rights hereunder shall be subject and subordinate to all the terms of the Head Lease, including, without limitation, the Lessor's (or, acting as Lessor's assignee under the Security Agreement, Security Trustee's) right to repossession under Section 15 of the Head Lease and the Lessor's (or, acting as Lessor's assignee under the Security Agreement, the Security Trustee's) rights to avoid this Sublease for any reason upon the occurrence and during the continuance of a Lease Event of Default under the Head Lease. Sublessee shall not be permitted to take any action hereunder not permitted to be taken by Sublessor under the Head Lease. Sublessee agrees to execute such further documents confirming such subordination of this Sublease as may be reasonably requested by Sublessor. In addition, the Sublessee agrees to perform all other obligations of the Sublessor under the Operative Agreements, except for those obligations of the Sublessor thereunder that are not capable of being performed or satisfied by the Sublessee, including without limitation those obligations that pertain to the maintenance of the Sublessor's status as a corporation and as a certificated United States air carrier, the Sublessor's qualification as a foreign corporation in good standing, financial reporting obligations that depend for their fulfillment the provision of information pertaining to the Sublessor and similar obligations. Sublessee acknowledges receipt of an executed copy of the Head Lease and the Operative Agreements (as in effect on the date of this Sublease).

5. Delivery Acceptance and Return.

- (a) Sublessor hereby delivers and Sublessee hereby accepts delivery of the Aircraft and the Aircraft is hereby subject to the terms and conditions of this Sublease.
- (b) At the termination of this Sublease, the Aircraft shall be delivered in the condition required by the Head Lease, except as set forth below in clause (c) to this Section 5, at a location designated by Sublessor.
- (c) Notwithstanding the provisions of clause (v) of the fourth sentence of the last paragraph of Section 4 and the preceding clause (b) of this Section 5, if this

Sublease is terminated prior to its then current scheduled expiration date pursuant to the Capacity Purchase Agreement for any reason other than the exercise of remedies by Sublessor under Section 8 of this Sublease, the return conditions applicable to the Aircraft upon return shall be as provided in Annex A to this Sublease. For the avoidance of doubt, if (I) this Sublease is not terminated prior to its then current scheduled expiration date pursuant to the Capacity Purchase Agreement, or (II) this Sublease is terminated pursuant to the exercise of remedies by Sublessor under Section 8 of this Sublease, or (III) Sublessee retains the Aircraft as an Uncovered Aircraft in accordance with the terms of the Capacity Purchase Agreement, then in any such case, at the time when the Aircraft is required hereunder to be returned, Sublessee shall be required to meet the return conditions applicable to the Aircraft under clause (v) of the fourth sentence of the last paragraph of Section 4, including those conditions and financial adjustments relating to time or cycles remaining between maintenance events or to any time- or cycle-controlled part.

6. NO REPRESENTATIONS OR WARRANTIES AS TO CONDITION BY SUBLESSOR. SUBLESSEE ACKNOWLEDGES THAT THE AIRCRAFT HAS BEEN SELECTED FOR USE BY IT, THAT IT HAS HAD AMPLE OPPORTUNITY TO INSPECT, AND IN FACT HAS INSPECTED, THE AIRCRAFT AND THAT IT TAKES THE AIRCRAFT "AS IS". SUBLESSEE FURTHER ACKNOWLEDGES THAT SUBLESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, AS TO THE AIRWORTHINESS, VALUE, CONDITION, DESIGN, OPERATION OR FITNESS FOR ANY USE OR PURPOSE OF THE AIRCRAFT.

7. Defaults. The following events shall constitute Events of Default hereunder:

- (a) The Sublessee shall fail to make any payment of Basic Rent, Renewal Rent, Stipulated Loss Value or Termination Value within three (3) Business Days after the same shall have become due; or the Sublessee shall fail to pay any Supplemental Rent (other than Stipulated Loss Value or Termination Value) when due and such failure shall continue for a period in excess of five (5) Business Days from and after the date of any written notice to Sublessee from Sublessor.
- (b) The Sublessee shall fail to perform or observe any covenant or agreement of the "Lessee" under the Head Lease as if the Sublessee were "Lessee" and the Sublessor were "Lessor" thereunder (all of which covenants and agreements are incorporated herein by reference pursuant to Section 4 hereof) and any applicable grace period contained in the Head Lease shall have expired.
- (c) Any other "Lease Event of Default" shall occur under the Head Lease as if the Sublessee were "Lessee" and the Sublessor were "Lessor" thereunder.
- (d) The Sublessee shall fail to perform or observe any covenant or agreement of Sublessee under this Sublease or any representation or warranty of the Sublessee contained in this Sublease shall be false or misleading in any material respect and shall remain uncured for a period in excess of 15 days from and after the date of written notice thereof from Sublessor to Sublessee.

8. Remedies. Upon the occurrence of an Event of Default under this Sublease, Sublessor shall have the rights and remedies with respect to the Sublessee and this Sublease enjoyed by the Head Lessor under the Head Lease as if the Sublessor were "Lessor" and the Sublessee were "Lessee" thereunder, and the remedies provisions of the Head Lease are incorporated herein by reference and made a part hereof.

9. Entire Agreement, Waivers and Amendments. This Sublease constitutes the entire understanding of the parties hereto with respect to the subject matter hereof, superseding all prior discussions and agreements, written or oral; provided that, except for the obligations of the Sublessee pursuant to Section 4 above (which are not subordinate in any respect), the rights of the Sublessee under this Sublease are subject in all respects to the provisions of the Capacity Purchase Agreement. This Sublease may not be amended, nor may any of its provisions be waived, except by writing signed by both parties. No delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver hereof, nor shall any waiver operate as a continuing waiver of any right, power or privilege.

10. Notices. All notices given hereunder shall be in writing delivered by hand, certified mail, or telecopy to the parties hereto at the following addresses:

If to Sublessor:

Continental Airlines, Inc. Telephone No.: 713-324-2544
1600 Smith Street, Dept. HQSFN Telecopier No.: 713-324-2447
Houston, Texas 77002
Attention: Senior Vice President-Finance & Treasurer

If to Sublessee:

ExpressJet Airlines, Inc. Telephone No.: 713-324-3958
1600 Smith Street, Dept. HQSCE Telecopier No.: 713-324-4420
Houston, Texas 77002
Attention: Chief Financial Officer

11. Successors and Assigns. Neither party may assign its rights or delegate its duties under this Sublease without the prior written consent of the other party, or in a manner inconsistent with the Head Lease.

12. Severability. Any provision of this Sublease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provision hereof, and any prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13. Headings. The headings in this Sublease are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

Exhibit B-8

14. Counterparts. This Sublease may be executed in counterparts, all of which taken together shall constitute one agreement.

15. Governing Law. This Sublease shall be governed by and construed in accordance with the laws of the State of New York.

[Remainder of this page is blank.]

Exhibit B-9

IN WITNESS WHEREOF, the parties hereto have cause this Sublease to be executed as of the date first above written.

CONTINENTAL AIRLINES, INC. EXPRESSJET AIRLINES, INC.

By: By:

Vice President Vice President

Exhibit B-10

IN WITNESS WHEREOF, the parties hereto have cause this Sublease to be executed as of the date first above written.

CONTINENTAL AIRLINES, INC. EXPRESSJET AIRLINES, INC.

By: By:

Vice President Vice President

Receipt of this original counterpart of the foregoing Sublease is hereby acknowledged on this ____ day of _____, 20__.

as Security Trustee

By

Name:

Title:

Exhibit B-11

EXHIBIT A

LEASE

Lease Agreement (XJT-___), dated as of _____, 20__, between _____, not in its individual capacity except as expressly provided but solely as Owner Trustee, as lessor, and Continental Airlines, Inc., as lessee, as supplemented by Supplement No. 1 thereto, dated as of _____, 20__, [and amended by Amendment No. ___ thereto among _____, not in its individual capacity but solely as Owner Trustee, as lessor, Continental Airlines, Inc., as lessee, and ExpressJet Airlines, Inc., as sublessee, dated as of _____, 20__,] which were recorded as a single instrument with the FAA on _____, 20__, as conveyance no. _____.

SUBLEASE

Sublease Agreement (XJT-___), dated as of _____, 20__ between Continental Airlines, Inc., as sublessor, and ExpressJet Airlines, Inc., as sublessee, which was recorded with the FAA on _____, 20__, as conveyance no. _____.

AIRCRAFT

Airframe Embraer Model EMB-_____

U.S. Registration No.: _____

Manufacturer's Serial No.: _____

Engines: Two Allison Model AE3007A Engines

bearing Engine Manufacturer's Serial

Nos: _____ and _____

Each of the above engines has take-off horsepower of 750 or more of the equivalent of such horsepower.

Exhibit B-12

Annex A

To Aircraft Sublease Agreement (XJT-___)

Alternative Return Conditions

If this Sublease is terminated prior to its then current scheduled expiration date pursuant to the Capacity Purchase Agreement for any reason other than the exercise of remedies by Sublessor under Section 8 of this Sublease, then unless Sublessee retains the Aircraft as an Uncovered Aircraft in accordance with the terms of the Capacity Purchase Agreement, at the return of the Aircraft by Sublessee to Sublessor (or its designee), Sublessee shall not be required to meet the return conditions applicable to the Aircraft relating to time or cycles remaining between maintenance events or to any time- or cycle-controlled part under clause (v) of the fourth sentence of Section 4 of this Sublease; provided that Sublessee shall remain obligated to comply with all other provisions of this Sublease applicable at the time, including without limitation provisions generally applicable to the maintenance, airworthiness, repair and general operating condition and cleanliness of the Aircraft; and provided further, that the general condition of the Aircraft shall not have materially changed relative to the condition of Sublessee's fleet of the same aircraft type since the Sublessor delivered the notice of withdrawal or termination (as the case may be) to Sublessee pursuant to the Capacity Purchase Agreement, and the Aircraft shall not have been discriminated against or operated, maintained or otherwise treated differently (including with respect to the removal of any part for convenience or without cause) than other Covered Aircraft.

Exhibit B-13

Schedule 1

To Aircraft Sublease Agreement (XJT-___)

Basic Rent: Basic Rent shall be payable during the Term in [arrears]

[advance] in the amounts and on the dates set forth below;

provided that if such day for a particular payment of Basic Rent is not a "Business Day" (as defined below), then payment of Basic Rent shall be due on the next Business Day. "Business Day" for purposes of this provision means any day other than a Saturday, Sunday or any other day on which commercial banks are authorized or required by law to close in New York, New York or Houston, Texas.

[For non-BNDES-financed aircraft, insert amount of monthly Basic Rent payments, and monthly due date]

[For BNDES-financed aircraft, insert the following:

Basic Rent in the amounts and on the dates required under the Head Lease]

[Insert the following for BNDES-financed aircraft:

Revised Basic Rent: Revised Basic Rent shall be payable during the Term in

[arrears] [advance] in the amounts and on the dates

set forth below; provided that if such day for a

particular payment of Revised Basic Rent is not a

"Business Day" (as defined below), then payment of

Basic Rent shall be due on the next Business Day.

"Business Day" for purposes of this provision means

any day other than a Saturday, Sunday or any other day

on which commercial banks are authorized or required

by law to close in New York, New York or Houston,

Texas.

[Insert amount of monthly Revised Basic Rent payments, and monthly due date]

Schedule 2

To Aircraft Sublease Agreement (XJT-____)

Uncovered Aircraft

Basic Rent Adjustment

EXHIBIT C

MASTER FACILITY AND GROUND HANDLING AGREEMENT

MASTER FACILITY AND GROUND HANDLING AGREEMENT

This Master Facility and Ground Handling Agreement (this "Agreement"), dated as of January 1, 2001, is among Continental Airlines, Inc., a Delaware corporation ("Continental"), ExpressJet Holdings, Inc., a Delaware corporation ("Holdings"), and ExpressJet Airlines, Inc., a Delaware corporation ("ExpressJet" and, collectively with Holdings, "Contractor").

WHEREAS, Continental and Contractor are entering into a Capacity Purchase Agreement contemporaneously with the execution of this Agreement (the "Capacity Purchase Agreement");

WHEREAS, Continental and Contractor desire to establish the terms by which both Continental and Contractor will use and share airport facilities in furtherance of the Capacity Purchase Agreement, to include, without limitation, the mutual or coordinated use of airport facilities at any airport in or out of which Continental operates any flight or Contractor operates any Scheduled Flight; and

WHEREAS, Continental and Contractor desire to establish the terms by which each of them will provide certain ground handling services for the other at certain airports in furtherance of the Capacity Purchase Agreement;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, Continental and Contractor agree as follows:

Section 1. Defined Terms. Capitalized terms used in this Agreement (including, unless otherwise defined therein, in the Exhibits, Schedules and Annexes to this Agreement) and not otherwise defined herein shall have the respective meanings ascribed to such terms in the Capacity Purchase Agreement. The following terms shall have the meanings set forth below:

"Airport Facilities" shall mean all Terminal Facilities and Non-Terminal Facilities.

"Airport Authority" shall mean any municipal, county, state or federal governmental authority, or any private authority, owning or operating any Applicable Airport with authority to lease, convey or otherwise grant rights to use any Airport Facilities.

"Applicable Airport" shall mean any Continental Airport or Contractor Airport.

"CLE Primary Hangar" shall mean the aircraft maintenance hangar located at 19200 Primary Road, Cleveland, Ohio, 44135.

"Continental Airport" shall mean any airport at which Continental provides or arranges for the provision of ground handling services pursuant to the Continental Ground Handling Agreement.

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"Continental Ground Handling Agreement" shall mean that certain IATA Standard Ground Handling Agreement (April 1993 version) between Continental and Contractor, together with Annex A thereto (Ground Handling Services, April 1993 version), and Annex B thereto substantially in the form of Exhibit C hereto (or as otherwise agreed) providing for the provision by or on behalf of Continental to Contractor of ground handling services at the airports specified therein.

"Contractor Airport" shall mean any airport at which Contractor provides or arranges for the provision of ground handling services pursuant to the Contractor Ground Handling Agreement, and any other airport into or out of which Contractor operates any Scheduled Flight and which is not a Continental Airport.

"Contractor Facilities" shall mean the Contractor Terminal Facilities and the Contractor Non-Terminal Facilities.

"Contractor Ground Handling Agreement" shall mean that certain IATA Standard Ground Handling Agreement (April 1993 version) between Contractor and Continental, together with Annex A thereto (Ground Handling Services, April 1993 version), and Annex B thereto substantially in the form of Exhibit D hereto (or as otherwise agreed) providing for the provision by or on behalf of Contractor to Continental and, at Continental's request from time to time, its codeshare partners, of ground handling services at the airports specified therein.

"Contractor Non-Terminal Facility" shall mean any Non-Terminal Facility to the extent owned, leased, subleased or otherwise retained or used by Contractor as of the date hereof, and any Non-Terminal Facility to the extent owned, leased, subleased or otherwise retained or used by Contractor pursuant to Section 2 after the date hereof for the provision of Contractor Services.

"Contractor Services" shall mean Regional Airline Services as contemplated by the Capacity Purchase Agreement and the ground handling services contemplated by the Contractor Ground Handling Agreement.

"Contractor Terminal Facility" shall mean any Terminal Facility to the extent owned, leased, subleased or otherwise retained or used by Contractor as of the date hereof, and any Terminal Facility to the extent owned, leased, subleased or otherwise retained or used by Contractor pursuant to Section 2 after the date hereof for the provision of Contractor Services.

"IAH Express Training Center" shall mean the training center located at 17445 JFK Boulevard, Houston, Texas, 77032.

"Incremental Facilities" shall mean all Airport Facilities used by Contractor for the provision of Contractor Services, but only to the extent that such facilities are incremental to the facilities required by Continental, it being understood that facilities used by Continental for scheduled flights (including seasonally-scheduled flights and scheduled charter service) shall be deemed not to be incremental to Continental's requirements, notwithstanding the availability of alternative facilities for Continental's use.

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"Non-Terminal Facilities" shall mean all maintenance, training, office and other facilities and spaces leased, subleased or otherwise retained or used by a party at an Applicable Airport or adjacent thereto that are not Terminal Facilities.

"Passenger-Related Terminal Facilities" shall mean all passenger-related terminal facilities and spaces leased, subleased or otherwise retained or used by a party at an Applicable Airport, including without limitation all passenger lounges, passenger holding areas, aircraft parking positions (which may or may not be adjacent to a passenger holding area) and associated ramp spaces, gates (including loading bridges and associated ground equipment parking areas), ticketing counters and curbside check-in facilities.

"Terminal Facilities" shall mean (i) all Passenger-Related Terminal Facilities and (ii) all other terminal facilities and spaces leased, subleased or otherwise retained or used by a party at an Applicable Airport, including without limitation all baggage makeup areas, inbound baggage areas, crew rooms, in-terminal office spaces, associated employee parking areas and other terminal facilities.

"Transfer" shall mean any lease, sublease, assignment, disposition or other transfer.

Section 2. Lease, Use and Modification of Airport Facilities.

(a) Continental and Contractor agree that the use by

Contractor of all Airport Facilities at all Applicable Airports for the provision of Contractor Services shall be at the direction of Continental. In furtherance of this Section 2(a), from time to time at the request and direction of Continental and subject to Section 2(b) and Section 2(c), and subject to the provisions of Sections 6(c) and 6(f) relating to Transfers in connection with certain terminations, Contractor shall:

- (i) use its commercially reasonable efforts to enter into a lease, sublease or other appropriate agreement with any Airport Authority at any Applicable Airport for the lease, sublease or use of any Airport Facilities used or to be used in connection with the provision of Contractor Services;
- (ii) use its commercially reasonable efforts to amend, modify or terminate any agreement with any Airport Authority at any Applicable Airport for the lease, sublease or use of any Contractor Facilities;
- (iii) use its commercially reasonable efforts to obtain the consent of any relevant Airport Authority at any Applicable Airport for the Transfer to Continental or its designee of any lease, sublease or other agreement in respect of any Contractor Facilities, or for the right of Continental or its designee to use any Contractor Facilities;
- (iv) enter into a sublease substantially in the form of Exhibit A hereto (or as otherwise agreed) for the sublease to Continental or its designee of Contractor's interest in any Contractor Facility;

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- (v) enter into an assignment substantially in the form of Exhibit B hereto (or as otherwise agreed) for the assignment to Continental or its designee of Contractor's interest in any Contractor Facility;
 - (vi) enter into a sublease substantially in the form of Exhibit A hereto (or as otherwise agreed) for the sublease to Contractor of Continental's interest in any Airport Facility at any Applicable Airport used or to be used in connection with the provision of Contractor Services;
 - (vii) enter into an assignment substantially in the form of Exhibit B hereto (or as otherwise agreed) for the assignment to Contractor of Continental's interest in any Airport Facility at any Applicable Airport used or to be used in connection with the provision of Contractor Services; and
 - (viii) take any other action reasonably requested by Continental in furtherance of this Section 2(a).
- (b) The assignments and subleases to be entered into pursuant to Section 2(a) shall be subject to the rights of the Applicable Airports in such Airport Facilities and to the receipt of all necessary consents from Airport Authorities and other third parties to such sublease or assignment.
- (c) Notwithstanding any other provision of this Section 2, but without limiting any other provision hereof, including without limitation Section 7 hereof, Contractor shall not be required to sublease or assign to Continental or its designee any interest of Contractor in any Contractor Non-Terminal Facility; provided that the provisions of this Section 2(c) shall not apply at any time from and

after any Termination Date occurring pursuant to Continental's termination of the Capacity Purchase Agreement pursuant to Section 9.03(b) or 9.03(c) thereof.

(d) Each of Contractor and Continental shall pay for all landing fees for its flights at all Applicable Airports, and to the extent that the other party is obligated to make such payments under any applicable lease or other agreement, the first party hereby indemnifies and agrees to hold harmless the other party for all such amounts.

(e) Contractor shall perform in a timely manner all obligations under all leases, subleases and other agreements to which Contractor is or becomes a party for the use of Contractor Facilities, including without limitation making in a timely manner all payments of rent and other amounts due under such agreement, and shall use commercially reasonable efforts to keep such agreements in effect (or to promptly renew or extend such agreements on substantially similar terms as directed by Continental); provided that Continental shall indemnify Contractor for any amounts owed to any Airport Authority or other third party under any such agreement as a direct result of any breach by Continental of such agreement.

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(f) Contractor shall obtain the written consent of Continental prior to entering into any lease or other agreement for the use or modification of, or otherwise relating to, any Contractor Terminal Facilities (or other airport facilities which would become Contractor Terminal Facilities), or amending or modifying in any manner any such agreement, or consenting to any of the same. Subject to the provisions of Section 5(e), Contractor may enter into an agreement for the use or modification of, or otherwise relating to, any Contractor Non-Terminal Facility that is not leased or subleased from Continental without the consent of Continental; provided that such agreement permits (or does not prohibit) Continental's right of first refusal (or the exercise thereof) pursuant to Section 7. Contractor may not enter into an agreement for the use or modification of, or otherwise relating to, any Contractor Non-Terminal Facility that is leased or subleased from Continental without the consent of Continental, which consent shall not be unreasonably withheld; provided that it shall be reasonable for Continental to withhold any such consent until any required Airport Authority's consent is obtained or if such agreement would prohibit Continental's right of first refusal pursuant to Section 7.

(g) If Contractor shall make any payment pursuant to Section 2(e), which payment is in whole or in part in respect of facilities other than Incremental Facilities, then Continental shall promptly reimburse Contractor for the portion of such payment in respect of facilities other than Incremental Facilities; provided that there shall be no duplication of payment if, for example, Continental is a sublessee of Contractor with respect to some or all of these facilities; provided, further, that any payment made by Contractor to an Airport Authority in respect of shared or common facilities for which charges are made based on the number of passengers on Scheduled Flights shall be deemed to be a payment in respect of Incremental Facilities (notwithstanding any use of such facilities by Continental). If Continental shall make any payment pursuant to any lease, sublease or other agreement for the use of Airport Facilities, which payment is

in whole or in part in respect of Incremental Facilities, then Contractor shall promptly reimburse Continental for the portion of such payment in respect of Incremental Facilities; provided that there shall be no duplication of payment if, for example, Contractor is a sublessee of Continental with respect to some or all of these facilities.

(h) Contractor shall give Continental at least 30 days' prior written notice before ceasing to use any Airport Facilities for the provision of Contractor Services, provided that no such notice shall be required with respect to Terminal Facilities at locations where such use is ceasing because Continental has informed Contractor that no Scheduled Flights will be scheduled in or out of such location.

Section 3. Exclusivity. Each Contractor Terminal Facility constituting a Passenger-Related Terminal Facility used for the provision of Regional Airline Services shall be used by Contractor exclusively for the provision of Contractor Services, and may not be used by Contractor in connection with any other flights, including any flights using an Uncovered Aircraft, or for any other purpose; provided that the foregoing limitation shall not apply to:

(i) baggage claim and other similar facilities that are leased or otherwise made available to all air carriers at such airport on a common-use or joint-use basis; or

(ii) to any facilities that are properly required by an Airport Authority to be made available for use by others in accordance with any applicable agreement that is in place as of the date hereof or has been approved by Continental under Section 2(f).

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Subject to the provisions of Article IX of the Capacity Purchase Agreement, each Contractor Terminal Facility that is not a Passenger-Related Terminal Facility used for the provision of Regional Airline Services, and each Contractor Non-Terminal Facility may be used by Contractor in connection with other flights, including flights using Uncovered Aircraft, or for other purposes; provided that, for so long as the number of Scheduled Flights in a calendar month represent at least 50% of the aggregate number of Contractor's scheduled flights of Covered and Uncovered Aircraft in such month, Contractor shall use such facilities for the provision of Regional Airline Services in priority to any other use of Contractor, and any other use of such facilities by Contractor shall be subordinate to Contractor's use for the provision of Regional Airline Services.

Section 4. Ground Handling.

(a) Each of Continental and Contractor shall enter into the Continental Ground Handling Agreement. Notwithstanding the identity of the lessee, sublessor or sublessee under any lease or other agreement relating to any Airport Facilities, Continental shall use commercially reasonable efforts to provide Contractor with access to all Terminal Facilities at each Continental Airport, and at any Contractor Airport where Continental is the lessee or sublessee, in each case as reasonably necessary for the provision of Regional Airline Services. In connection with Continental granting to Contractor access to any Airport Facilities leased by Continental pursuant to this Section 4(a), Contractor covenants and agrees, for the benefit of Continental and its lessor, that Contractor shall not, by its use and occupancy of such facilities, violate any of the provisions of such lease or other agreements relating thereto which have been made available to Contractor, and that it shall not knowingly permit any breach of any of the obligations of Continental under such agreements, and Contractor further agrees to release and indemnify Continental in respect of such facilities to the same extent as provided in Section 11 of the Form of Sublease Agreement attached hereto as Exhibit A (which provisions are hereby incorporated by reference), as if a sublease in respect of such facilities had been entered into by Continental and Contractor.

(b) Each of Continental and Contractor shall enter into the Contractor Ground Handling Agreement. Notwithstanding the identity of the lessee, sublessor or sublessee under any lease or other agreement relating to any Airport Facilities, Contractor shall use commercially reasonable efforts to provide Continental or its designee with access to all Terminal Facilities at each Contractor Airport, and at any Continental Airport where Contractor is the lessee or sublessee, in each case as reasonably necessary for Continental's or such designee's operations for which Contractor is providing ground handling services pursuant to the Contractor Ground Handling Agreement. In connection with Contractor granting to Continental access to any Airport

Facilities leased by Contractor pursuant to this Section 4(b), Continental covenants and agrees, for the benefit of Contractor and its lessor, that Continental shall not, by its use and occupancy of such facilities, violate any of the provisions of such lease or other agreements relating thereto which have been made available to Contractor, and that it shall not knowingly permit any breach of any of the obligations of Contractor under such agreements, and Continental

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further agrees to release and indemnify Contractor in respect of such facilities to the same extent as provided in Section 11 of the Form of Sublease Agreement attached hereto as Exhibit A (which provisions are hereby incorporated by reference), as if a sublease in respect of such facilities had been entered into by Contractor and Continental.

Section 5. Capital Costs and Modification Designs.

(a) Contractor Funded. Contractor shall fund all capital expenditures required to be made by Continental or Contractor under any lease or other appropriate agreement to which either of them is a party:

(i) in connection with any Terminal Facility used for the provision of Contractor Services at any Contractor Airport; provided, that Contractor shall not be required to fund any expenditures that are subject to the provisions of Section 5(b)(i);

(ii) in connection with any non-passenger-related Terminal Facility (including crew rooms, break rooms and office space) used exclusively or dedicated exclusively to Contractor at any Continental Airport;

(iii) in connection with any Non-Terminal Facility used for the provision of Contractor Services, which Non-Terminal Facility is not also regularly used by Continental, and regardless of whether such Non-Terminal Facility is located at a Continental Airport or a Contractor Airport;

(iv) in respect of ground handling equipment of the type described in Paragraph 1.1.3 of the Continental Ground Handling Agreement as being supplied by the Carrier (as defined therein); and

(v) in respect of any Airport Facility used for the provision of Contractor Services at any Contractor Airport not described in clauses (i) through (iv) above and not described in Section 5(b) below;

provided, however, that Contractor shall not make any capital expenditures pursuant to the foregoing clauses (i) and (iii) without the express written consent of Continental, which consent shall not be unreasonably withheld if such capital expenditures are required by an applicable Airport Authority or under the terms of an applicable lease or other applicable agreement in effect as of the date hereof or to which Continental shall have consented pursuant to Section 2(f); and provided, further, that Contractor shall not be required to make any capital expenditures in respect of ground handling equipment of the type described in Paragraph 1.1.3 of the Contractor Ground Handling Agreement as being supplied by the Carrier (as defined therein).

(b) Continental Funded. Continental shall fund all capital expenditures required to be made by Continental or Contractor under any lease or other appropriate agreement to which either of them is a

(i) in respect of any Terminal Facility used for the provision of Contractor Services as required in connection with a change to the Continental Marks or the other Identification, except for such capital expenditures made as a part of Contractor's customary refurbishment expenditures;

(ii) in respect of any Terminal Facility used for the provision of Contractor Services at any Continental Airport; provided, that Continental shall not be required to fund any expenditures that are subject to the provisions of Section 5(a)(ii);

(iii) in connection with any Non-Terminal Facility regularly used by Continental, regardless of whether such Non-Terminal Facility is also used by Contractor for the provision of Contractor Services or whether such Non-Terminal Facility is located at a Continental Airport or a Contractor Airport;

(iv) in respect of ground handling equipment of the type described in Paragraph 1.1.3 of the Contractor Ground Handling Agreement as being supplied by the Carrier (as defined therein); and

(v) in respect of any Airport Facility used for the provision of Contractor Services at any Continental Airport not described in clauses (i) through (iv) above and not described in Section 5(a) above; provided, however, that Continental shall not be required to make any capital expenditures in respect of ground handling equipment of the type described in Paragraph 1.1.3 of the Continental Ground Handling Agreement as being supplied by the Carrier (as defined therein).

(c) Airport Conversion. If during the Term a Contractor Airport becomes a Continental Airport, then Continental shall purchase from Contractor at their book value at such time (as reflected on Contractor's books) all fixtures and other unremovable capitalized items that either (i) have been paid for by Contractor pursuant to clauses (i) or (iii) of Section 5(a) and consented to by Continental pursuant to the proviso to Section 5(a), or (ii) are reflected on Contractor's books as of the date of this Agreement; and provided that any payment under this Section 5(c) shall not be in duplication of any payment made under Section 6. If a Continental Airport becomes a Contractor Airport, then Contractor shall have no obligation to Continental in respect of expenditures made pursuant to Section 5(b).

(d) Reimbursements. Any reimbursement (whether or not made in the form of a rental credit) by any Airport Authority of any capital expenditures made by Contractor or Continental and referenced in this Section 5 shall be remitted to the party (Contractor or Continental) that funded such capital expenditures, except that any such reimbursement in respect of fixtures or other capitalized items purchased by Continental pursuant to Section 5(c) shall be remitted to Continental, and provided that any such

reimbursement to Contractor shall be applied, for all purposes relating to the Capacity Purchase Agreement, as a reduction of book value of the asset or assets in respect of which such capital expenditure was made.

(e) Modification Designs. The designs (including the design and construction specifications and scope of work) for any modification of Contractor Facilities, including without limitation all modifications funded by capital expenditures pursuant to Section 5, or any Contractor Non-Terminal Facility that is at or adjacent to an Existing Hub Airport, shall be generated by Continental and shall be consistent with the Continental Marks and other Identification. The contractors hired to make such modifications shall be selected by Continental. All such modifications, including without limitation all modifications funded by capital expenditures pursuant to Section 5, shall be consistent with the requirements of the applicable leases or other relevant agreements in respect of such Airport Facilities.

Section 6. Transfer of Terminal Facilities.

(a) Except as otherwise provided in Section 2(a), Section 5(c) or this Section 6, during the Term Contractor shall not Transfer all or any portion of its interest in any Contractor Terminal Facility. Any purported Transfer of an interest in a Contractor Terminal Facility in violation of Section 2(a), Section 5(c) or this Section 6 shall be void and ineffectual ab initio.

(b) Upon the termination or other non-temporary cessation of all Scheduled Flights into or out of any Applicable Airport at which there are any Contractor Terminal Facilities (including in connection with the termination of the Capacity Purchase Agreement), Continental shall provide written notice as soon as practicable (but in no event later than 20 Business Days after such termination or other non-temporary cessation) to Contractor of Continental's intention to retain for itself or its designee any Contractor Terminal Facilities at such Applicable Airport.

(c) If, pursuant to a notice delivered pursuant to Section 6(b), Continental or its designee is retaining any or all of the Contractor Terminal Facilities, then Continental shall purchase from Contractor, at their book value (as reflected on Contractor's books) at the time such notice is delivered, all fixtures and other unremovable capitalized items paid for by Contractor (with Continental's approval pursuant to Section 5) in connection with the use of such Contractor Terminal Facilities; provided that any payment under this Section 6(c) shall not be in duplication of any payment made under Section 5(c). In addition, Contractor shall use commercially reasonable efforts to assign the rights and obligations of the lease or other applicable agreements with regard to such Contractor Terminal Facilities to Continental or its designee, in which event Continental shall assume such rights and obligations applicable to such Contractor Terminal Facilities, including without limitation the obligation to make all rental or similar payments from and after the date of such assignment, but not including any amounts owed in respect of any breach by Contractor of such lease or applicable agreements. Prior to the consummation of such assignment, Contractor shall continue to fulfill its obligations

under such lease or other applicable agreements; provided that Continental shall promptly reimburse Contractor for all rental or similar payments applicable to such Contractor Terminal Facilities from the date of such notice until the lease or applicable agreements are assigned, but not including any amounts owed in respect of any breach by Contractor of such lease or applicable agreements.

(d) If, pursuant to a notice delivered pursuant to Section 6(b), Continental is not retaining one or more of the Contractor Terminal Facilities (such Contractor Terminal Facilities not so retained, the "Continental Rejected Facilities"), then Contractor shall provide written notice as soon as practicable (but in no event later than 20 Business Days after receipt of a notice pursuant to Section 6(b)) to Continental of Contractor's intention to retain or reject the Continental Rejected Facilities; provided that if such termination of Scheduled Flights is pursuant to a termination of the Capacity Purchase Agreement for Cause, then, without limiting any of Continental's remedies under the Capacity Purchase Agreement, Contractor shall retain all of the Continental Rejected Facilities.

(e) If, pursuant to a notice delivered pursuant to, or the proviso of, Section 6(d), Contractor is retaining any of the Continental Rejected Facilities, then Continental's obligations under this Agreement shall terminate with respect to those Continental Rejected Facilities as of the date of such notice.

(f) If pursuant to a notice delivered pursuant to Section 6(d), Contractor is not retaining one or more of the Continental Rejected Facilities (such Continental Rejected Facilities not so retained, the "Contractor Rejected Facilities"), then Continental shall purchase from Contractor, at their book value (as reflected on Contractor's books) at the time such notice is delivered, all fixtures and other unremovable capitalized items paid for by Contractor (with Continental's approval pursuant to Section 5) in connection with the use of the Contractor Rejected Facilities. In addition, at Continental's direction, Contractor shall use commercially reasonable efforts to either (i) terminate the lease or other agreement applicable with respect to any such Contractor Rejected Facility, (ii) assign the rights and obligations of such leases or other applicable agreements to Continental or its designee, in which event Continental shall assume such rights and obligations applicable to such Contractor Rejected Facilities, including without limitation the obligation to make all rental or similar payments from and after the date of such assignment, including any termination payments, but not including any amounts owed in respect of any breach by Contractor of such lease or applicable agreements; provided that any payment under this Section 6(f) shall not be in duplication of any payment made under Section 5(c), or (iii) continue to fulfill its obligations under such lease or other applicable agreements; provided that Continental shall promptly reimburse Contractor for all rental or similar payments applicable to such Contractor Rejected Facilities from the date of Contractor's notice until the leases or applicable agreements terminate or are otherwise assigned, but not including any amounts owed in respect of any breach by Contractor of such lease or applicable agreements.

(g) Notwithstanding any other provision of this Section 6, if Contractor returns to or otherwise reuses any Contractor Rejected Facility or begins the use of any

other Airport Facilities at such airport reasonably similar to any Contractor Rejected Facility (other than at the written direction of Continental pursuant to Section 2 or otherwise pursuant to the Capacity Purchase Agreement) within six months of the termination or other non-temporary cessation of all Scheduled Flights to such airport, then Contractor shall reimburse Continental for all amounts paid to Contractor pursuant to this Section 6.

(h) For purposes of this Agreement, the parties agree that the cessation of seasonal Scheduled Flights upon the end of the relevant season shall constitute a temporary cessation if such Scheduled Flights are expected to resume in the subsequent relevant season.

Section 7. Right of First Refusal for Certain Transfers.

(a) Until the fifth anniversary of the Termination Date under the Capacity Purchase Agreement, Contractor shall not accept any offer that, if consummated, would result in a Transfer of all or any portion of an interest in a Contractor Facility, or a facility that was at any time during the Term a Contractor Facility (including any Contractor Terminal Facility that was retained by Contractor pursuant to Section 6(d) (an "Offer"), unless (x) Contractor shall have provided written notice (an "Offer Notice") to Continental of such Offer, setting forth all material terms and conditions upon which the proposed Transfer is to be made, and (y) a period of 20 Business Days shall have expired after receipt of the Offer Notice by Continental (the "Option Period"), or Continental shall have earlier declined the Offer in writing delivered to Contractor. Transmittal of the Offer Notice to Continental shall constitute an offer by Contractor to Transfer the specified interest in the Contractor Facility to Continental or its designee subject to the terms and conditions set forth in the Offer Notice; provided that, if the Offer Notice contains non-financial terms and conditions that are not capable of being matched by Continental on commercially reasonable terms, then Continental and Contractor shall use commercially reasonable efforts to determine the economic value of such terms and conditions (and the Option Period will be deemed not to have commenced until the parties have so determined such economic value), and Continental shall be entitled to accept the Offer Notice without matching such terms and conditions, but rather by matching the economic value of such terms and conditions.

(b) Continental shall have the exclusive option during the Option Period to accept Contractor's offer to Transfer the specified interest in the Contractor Facility to Continental or its designee, subject to the terms and conditions set forth in the Offer Notice, which option shall be exercisable during the Option Period by written notice from Continental to Contractor. During the Option Period, Contractor shall fully cooperate with Continental in the determination of any material data relevant to the Transfer of the specified interest in the Contractor Facility.

(c) If Continental shall accept the Offer in writing delivered to Contractor during the Option Period, then Continental and Contractor shall consummate the Transfer of the specified interest in the Contractor Facility to Continental or its designee, subject

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to the terms and conditions of the Offer, within 20 Business Days after receipt of such written notice.

(d) If Continental does not accept the Offer in writing

delivered to Contractor during the Option Period, then Contractor shall be entitled to Transfer the specified interest in the Contractor Facility within 20 Business Days after the end of the Option Period on terms and conditions no more favorable to the transferee than those set forth in the Offer Notice. If the Transfer is not completed within such time period, then Contractor must again comply with all of the provisions of this Section 7 prior to making any Transfer of the specified interest in the Contractor Facility.

(e) Any purported Transfer of an interest in a Contractor Facility in violation of this Section 7 shall be void and ineffectual ab initio.

8. Term. This Agreement shall terminate at the end of the Term; provided that, any right or obligation hereunder that is specifically extended beyond the termination of this Agreement shall be so extended.

9. Special CLE Primary Hangar Provisions. With regard to that certain Sublease Agreement, dated effective as of January 1, 2001, between Continental and ExpressJet relating to the CLE Primary Hangar, Continental agrees that it shall use commercially reasonable efforts to keep in full force and effect that certain Lease By Way of Concession, dated February 28, 2001, between Continental and the City of Cleveland, until the Termination Date and for a period of three years thereafter, subject to the provisions of Section 2(c) and any other provisions hereof, and provided that nothing contained herein shall impose any obligation on Continental to cure any default by Contractor under the Sublease Agreement referenced above.

10. Special IAH Express Training Center Provisions. With regard to that certain Sublease Agreement, dated effective as of January 1, 2001, between Continental and ExpressJet relating to the IAH Express Training Center, Continental agrees that it shall use commercially reasonable efforts to keep in full force and effect that certain First Amended and Restated Special Facilities Lease Agreement, dated effective as of December 1, 1998, between Continental and the City of Houston, but only to the extent that such lease relates to the IAH Express Training Center, until December 30, 2027, subject to the provisions of Section 2(c) and the other provisions hereof, and provided that nothing contained herein shall impose any obligation on Continental to cure any default by Contractor under the Sublease Agreement referenced above.

11. Continental Inventory. After receipt of notice by Continental from time to time of inventory or equipment available for acquisition from Continental, Contractor agrees to use reasonable commercial efforts to satisfy all of its inventory or equipment acquisition requirements by acquiring items of such inventory and equipment from Continental.

12. Cooperation. Notwithstanding any other provision of this Agreement, each of the parties hereto shall use commercially reasonable efforts to comply in a timely manner with all reasonable requests of the other parties made from time to time that are in furtherance of this Agreement.

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13. Relationship of the Parties. Nothing in this Agreement shall be interpreted or construed as establishing among the parties a partnership, joint venture or other similar arrangement.

14. Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon the parties hereto and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by a party hereto without the prior written consent of the other parties.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Agreement may be executed by facsimile signature.

16. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas (excluding Texas choice-of-law principles that might call for the application of the law of another jurisdiction) as to all matters, including matters of validity, construction, effect, performance and remedies. Any action arising out of this Agreement or the rights and duties of the parties arising hereunder may be brought, if at all, only in the state or federal courts located in Harris County, Texas.

17. Confidentiality. Except as required by law or in any proceeding to enforce the provisions of this Agreement, Continental, ExpressJet and Holdings hereby agree not to publicize or disclose to any third party the terms or conditions of this Agreement or any exhibit, schedule or appendix hereto without the prior written consent of the other parties hereto. Except as required by law or in any proceeding to enforce the provisions of this Agreement, Continental, ExpressJet and Holdings hereby agree not to disclose to any third party any confidential information or data, both oral and written, received from the other in connection with this Agreement and designated as such by the other, without the prior written consent of the party providing such confidential information or data. If any party is served with a subpoena or other process requiring the production or disclosure of any of such agreements or information, then the party receiving such subpoena or other process, before complying with such subpoena or other process, shall immediately notify the other parties of same and permit said other parties a reasonable period of time to intervene and contest disclosure or production. Upon termination of this Agreement, each party must return to each other any confidential information or data received from the other and designated as such by the party providing such confidential information or data which is still in the recipient's possession or control.

18. Equitable Remedies. Each of Continental and Contractor acknowledges and agrees that under certain circumstances the breach by Continental or Contractor of a term or provision of this Agreement will materially and irreparably harm the other party, that money damages will accordingly not be an adequate remedy for such breach and that the non-defaulting party, in its sole discretion and in addition to its rights under this Agreement and any other remedies it may have at law or in equity, may apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any breach of the provisions of this Agreement.

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19. Subject to Capacity Purchase Agreement. Notwithstanding anything to the contrary contained in this Agreement, the provisions of this Agreement shall be subject in all respects to the provisions of the Capacity Purchase Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date and year first written above.

CONTINENTAL AIRLINES, INC.

By:

Name:

Title:

EXPRESSJET HOLDINGS, INC.

By:

Name:

Title:

EXPRESSJET AIRLINES, INC.

By:

Name:

Title:

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EXHIBIT A

to the Master Facility and Ground Handling Agreement

FORM OF SUBLEASE AGREEMENT

This Sublease Agreement (this "Agreement"), dated as of the __ day of _____, by and between _____, a _____ corporation ("Sublessor"), whose address is _____, and _____, a _____ corporation ("Sublessee"), whose address is _____.

WITNESSETH:

WHEREAS, Sublessor and Sublessee are parties to that certain Master Facility and Ground Handling Agreement dated as of January 1, 2001 ("Master Facility Agreement");

WHEREAS, Sublessor has entered into various agreements (such agreements, as the same may have been or may from time to time be amended, the "Prime Agreements") with other parties ("Prime Lessors") pursuant to which the Prime Lessors have conferred upon Sublessor the right to use certain premises;

WHEREAS, Sublessor desires to allow Sublessee the right to use certain portions of the premises that Sublessor has the right to use pursuant to the Prime Agreements (such portions, together with such associated rights and privileges, such as reasonable and necessary ingress and egress thereto to the extent permitted by the applicable Prime Agreement, are described on Schedule 1 attached hereto and are hereinafter referred to as the "Subleased Premises"); and,

WHEREAS, Sublessee desires to hire and take said Subleased Premises as provided herein, in accordance with the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, Sublessor and Sublessee agree as follows:

1 -- Subleased Premises

a) Sublessor hereby lets unto Sublessee and Sublessee hereby hires and takes from Sublessor the Subleased Premises in accordance with the terms and conditions hereof.

b) Sublessee agrees and accepts the associated rights and privileges granted under the Prime Agreements, subject, however, to the following limitations and reservations, and subject to other terms and conditions set forth in this Agreement:

(1) The Prime Agreements, insofar as they relate to the Subleased Premises, and such Prime Agreements are hereby incorporated by this reference as if fully set forth herein.

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(2) Sublessee covenants and agrees, for the benefit of Sublessor and the Prime Lessors, that it shall not, by its use and occupancy of the Subleased Premises, violate any of the

provisions of the Prime Agreements relating thereto, and that it shall not knowingly permit any breach of any of the obligations of Sublessor under such Prime Agreements. Sublessee covenants and agrees that this Agreement shall be in all respects subject and subordinate to the Prime Agreements relating thereto. Nothing contained in this Agreement shall be deemed to confer upon Sublessee any rights that are not granted by or are in conflict with the applicable Prime Agreement.

(3) Sublessor reserves the right to enter upon the Subleased Premises at any time during an emergency to take such action therein as may be required for the protection of persons or property and at other reasonable times for the purpose of inspection, maintenance, making repairs, replacements, alterations or improvements (to the Subleased Premises or to other areas), showing to prospective subtenants or other users, and for other purposes permitted elsewhere in this Agreement.

2 -- CONDITION OF SUBLEASED PREMISES AND ALTERATIONS

Except to the extent that Sublessor has been granted representations or warranties under the Prime Agreements regarding the condition of the Subleased Premises the benefit of which may, pursuant to the applicable Prime Agreement and applicable law, inure to Sublessee (in which case such representations and warranties shall be deemed made by Sublessor in favor of Sublessee), Sublessee accepts the Subleased Premises AS-IS, WITH ALL FAULTS, LATENT OR KNOWN. Subject to the foregoing, Sublessor MAKES NO WARRANTIES, GUARANTEES, OR REPRESENTATIONS OF ANY KIND EITHER EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, PERTAINING TO THIS AGREEMENT OR THE PROPERTY DESCRIBED IN THIS AGREEMENT. Subject to the foregoing, SUBLESSEE HEREBY WAIVES, AND SUBLESSOR EXPRESSLY DISCLAIMS ALL WARRANTIES, GUARANTEES AND REPRESENTATIONS, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, INCLUDING BUT NOT LIMITING THE GENERALITY OF THE FOREGOING, ANY IMPLIED WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE OR REGARDING THE CONDITION OF THE PROPERTY. Subject to the foregoing, IN NO EVENT SHALL SUBLESSOR'S LIABILITY OF ANY KIND UNDER THIS AGREEMENT INCLUDE ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES EVEN IF SUBLESSOR SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGE.

Any alterations will be the sole responsibility and expense of the Sublessee and will require the prior written approval of Sublessor and, if required under the applicable Prime Agreement, the respective Prime Lessor.

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3 -- TERM

The term of this Agreement shall commence as of the date of first occupancy of the Subleased Premises by Sublessee and (unless sooner terminated as hereinafter provided) shall continue in effect thereafter until termination of the Master Facility Agreement, but under no circumstances shall it continue beyond the term of the Prime Agreement relating to such portion of the Subleased Premises.

4 -- RENTAL

For the use of the Subleased Premises, Sublessee agrees to pay to Sublessor the amounts set forth for each separate Subleased Premises location on Schedule 2 attached hereto.

5 -- UTILITIES AND SERVICES

Sublessor shall not be liable for any interruptions of utilities or services arising from repairs, alterations, or improvements on or about the Subleased Premises, except (and only) to the extent that the Prime Lessor of such portion of the Subleased Premises is liable to Sublessor for such event. Sublessee shall pay Sublessor an equitably allocated pro rata share of any electrical, gas, water or other utility costs associated with the use by Sublessee of the Subleased Premises.

6 -- GOVERNMENT REQUIREMENTS

Sublessee shall procure from all governmental authorities having jurisdiction over the operations of Sublessee at the Subleased Premises, all licenses, certificates, permits or other authorization which may be necessary for the conduct of its operations. Sublessee shall also at all times promptly observe, comply with, and execute the provisions of any and all present and future governmental laws, rules, regulations, requirements, orders and directives which may apply to the operations of Sublessee on the Subleased Premises or its occupancy thereof.

7 -- RULES, REGULATION & ADMINISTRATION

Sublessee covenants and agrees to observe and obey the applicable rules and regulations promulgated by the applicable Prime Lessor and all reasonable rules and regulations promulgated by Sublessor for the conduct of tenants and subtenants at the Subleased Premises; and to observe and obey all present rules and regulations issued by Sublessor and/or the respective Prime Lessor for safety, health, preservation of the Subleased Premises, security and all reasonable rules and regulations promulgated in writing in the future by Sublessor and/or the respective Prime Lessor.

8 -- OTHER OBLIGATIONS OF SUBLESSEE

Sublessee, in its use of all of the Subleased Premises and related facilities, and in the conduct of its operations, shall:

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a) Conduct its operations in an orderly and proper manner. Sublessee shall not create or generate or permit the creation or generation of vibrations that could reasonably be regarded as posing a material risk of damage to the Subleased Premises; unreasonably loud noises; the

emission of steam, gases or unpleasant or noxious odors; nor in any other manner annoy, disturb or be offensive to other tenants or users of the premises or common areas.

b) Comply with all applicable federal, state and local laws, ordinances, regulations and orders. Without limiting the generality of the foregoing, to the extent that the activities of Sublessee shall be subject to the same, Sublessee shall comply with the following:

1. Compliance with Regulations. Sublessee shall comply with the regulations relative to nondiscrimination in federally assisted programs of the United States Department of Transportation (hereinafter "DOT") Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time ("Regulations"), which are herein incorporated by reference and made a part of this Agreement.

2. Nondiscrimination Generally. Sublessee shall not discriminate on the grounds of race, color, sex, creed or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment.

3. Solicitations for Subcontractors, Including Procurements of Materials and Equipment. If required by the Regulations, in all solicitations either by competitive bidding or negotiation made by Sublessee for work to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by Sublessee of Sublessee's obligations under the Regulations relative to nondiscrimination on the grounds of race, color, or national origin.

4. Information and Reports. Sublessee shall provide all information and reports required by the Regulations or directives issued pursuant thereto and shall permit access to its books, records, accounts other sources of information, and its facilities as may be determined by the airport sponsor or the Federal Aviation Administration (the "FAA") to be pertinent to ascertain --- compliance with such Regulations, orders, and instructions. Where any information required of Sublessee is in the exclusive possession of another who fails or refuses to furnish this information, Sublessee shall so certify to the airport sponsor or the FAA, as appropriate, and shall set forth what efforts it has made to obtain the information.

5. Nondiscrimination Covenant. Sublessee hereby covenants and agrees, as a covenant running with the land, that in the event facilities are constructed, maintained, or otherwise operated by Sublessee on the Subleased Premises for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Sublessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted

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Programs of the Department of Transportation, and as said Regulations may be amended. Sublessee hereby covenants and agrees, as a covenant running with the land: (1) that no

person on the grounds of race, color, sex, creed or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the Subleased Premises, (2) that in the construction of any improvements on, over, or under such Subleased Premises and the furnishing of services thereon, no person on the grounds of race, color, sex, creed or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Sublessee shall use the Subleased Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended. Sublessee assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal assistance.

c) Control the demeanor and appearance of its officers, and employees so as to maintain professional standards and upon objection from Sublessor or the respective Prime Lessor concerning the conduct, demeanor, or appearance of any person, Sublessee shall immediately take all steps necessary to remove the cause of the objection.

d) Not allow garbage, debris, or other waste materials (whether solid, liquid or gaseous) to collect or accumulate on the Subleased Premises or in access and service areas of the Subleased Premises used by Sublessee, and Sublessee shall cause to be removed from the Subleased Premises any debris and other waste material generated by Sublessee. Sublessee shall use all due care when effecting removal of all such waste and shall effect such removal pursuant to the applicable regulations existing at Subleased Premises for the removal of waste as promulgated by the respective Prime Lessor, Sublessor or others having jurisdiction. Sublessee shall keep all lobbies, vestibules and steps within the Subleased Premises free from dirt and rubbish.

e) Sublessee is responsible to maintain at all times the Subleased Premises and all equipment, fixtures, and materials used by Sublessee thereon, or in other areas, in a clean and sanitary manner.

It is intended that the standards and obligations imposed by this section shall be maintained or complied with by Sublessee in addition to its compliance with any applicable governmental laws, ordinances and regulations currently in effect or which may be enacted.

9 -- MAINTENANCE AND REPAIR

a) Sublessee shall take good care of the Subleased Premises while they are under Sublessee's control and shall make or cause to be made at its own expense all installations, repairs, replacements, redecorating and other maintenance necessary to keep

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the Subleased Premises, and equipment, fixtures, furnishings and signs therein clean and in good condition and repair; all of which shall be in accordance with the standards of the facility and of a quality and class not inferior to the original material or workmanship. All maintenance and repair work undertaken by Sublessee shall be done in a good and workmanlike manner, leaving the Subleased Premises free of liens for labor and materials.

b) Sublessee shall maintain the Subleased Premises and conduct its operations in such manner that at no time during the letting hereunder

will it do or knowingly permit to be done any act or thing upon the Subleased Premises which will invalidate or conflict with any fire and casualty insurance policies covering the Subleased Premises, or any part thereof, or the Subleased Premises, or any part thereof, or which may create a hazardous condition so as to increase the risk normally attendant upon the operations contemplated hereunder, and Sublessee shall promptly observe and comply with any and all present and future rules and regulations, requirements, orders and directions of Fire Underwriters Association or of any other board or organization which may exercise similar functions. Any increase in fire or casualty insurance premiums attributable to Sublessee's acts or omissions under this Agreement shall be promptly reimbursed by Sublessee, upon receipt of Sublessor's invoice therefor.

10 -- RELATIONSHIP

It is expressly understood and agreed that Sublessee is and shall be an independent contractor and operator, responsible for its acts or omissions in connection with its use and occupancy of the Subleased Premises and any related areas used by Sublessee.

11 -- RELEASE AND INDEMNITY

Release

Sublessee agrees that Sublessor shall not be liable for any loss or damage to any property of any persons (including property of Sublessee, its officers, directors, employees, agents, customers, concessionaires, vendors, contractors or invitees), occasioned by theft, fire, acts of God, or any governmental body or authority, injunction, riot, war, other tenants of the Subleased Premises or the premises of which the Subleased Premises are a part, or any damage or inconvenience which may arise through repair, or alteration of the Subleased Premises, or failure to make repairs in a timely manner, or the unavailability of utilities, or for any other cause, EXCEPT TO THE EXTENT CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUBLESSOR OR THE RESPECTIVE PRIME LESSOR, IT BEING AGREED THAT THIS RELEASE SHALL APPLY TO CLAIMS RESULTING FROM THE NEGLIGENCE OF SUBLESSOR OR SUCH PRIME LESSOR. Sublessor agrees that any waivers of claims for property damage contained in the respective Prime Agreement made by the Prime Lessor thereunder shall inure to the benefit of Sublessee to the extent permitted by the applicable Prime Agreement and applicable law.

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Indemnity

Anything in this Agreement to the contrary notwithstanding, and without limiting Sublessee's obligation to provide insurance pursuant to Article 12 hereunder, Sublessee covenants and agrees that it shall indemnify, defend and save harmless Sublessor, its affiliates (other than Sublessee), any affected Prime Lessor, and their respective directors, officers, employees, agents, successors and assigns ("Indemnitees"), from and against all liabilities, losses, damages, penalties, claims, costs, charges and expenses, causes of action and judgments of any nature whatsoever, including without limitation reasonable attorney's fees, costs and related expenses that may be imposed upon or incurred by the Indemnitees by reason or arising out of any of the following, except if caused by the negligence or willful misconduct of any such Indemnitee (it being acknowledged, however, that if the indemnification obligations of Sublessor under the respective Prime Agreement requires Sublessor to indemnify such Prime Lessor (or other parties therein identified) Sublessee shall be required to indemnify such Prime Lessor and other identified parties to the same extent; AND THAT SUCH INDEMNIFICATION DUTIES MAY APPLY EVEN WHERE AN INDEMNITEE UNDER THE APPLICABLE PRIME AGREEMENT IS NEGLIGENT OR OTHERWISE AT FAULT):

- a) Any occupancy, management or use of the Subleased Premises, or areas surrounding the Subleased Premises or the service areas, parking areas, or pedestrian areas in or around the Subleased Premises, by Sublessee or any of its directors, officers, agents, contractors, servants, employees, licensees, invitees, successors and assigns;
- b) Any negligence on the part of Sublessee or any of its directors, officers, agents, contractors, servants, employees, licensees, invitees, successors and assigns;
- c) Any accident, injury to or death of any person, or damage to or destruction of any property of Sublessee or its officers, directors, employees, agents, customers, concessionaires, vendors, contractors or invitees occurring in or on the Subleased Premises; or
- d) Any failure on the part Sublessee to comply with any of the covenants, agreements, terms or conditions contained in this Agreement.

12 -- INSURANCE

Without limiting Sublessee's obligation to indemnify Sublessor as provided for in this Agreement, Sublessee shall procure and maintain, at its own cost and expense, at all times during the term of this Agreement, insurance of the following types in amounts not less than those indicated with insurers satisfactory to Sublessor:

Comprehensive public liability insurance with limits of not less than \$5,000,000 per occurrence for death or bodily injury; workers compensation insurance with statutory limits; and employer's liability insurance of not less than \$10,000,000 in limits.

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Such insurance shall contain the following endorsements:

- (1) Name Sublessor and the respective Prime Lessor, its parents and subsidiaries, their respective directors, officers, employees, agents, successors and assigns, as Additional Insureds as it pertains to this Agreement and the respective Subleased Premises. Upon written notice from Sublessor, Sublessee shall promptly cause any other party required to be named by as an Additional Insured under the Prime Agreement to be so named.
- (2) Include a Severability of Interest (Cross Liability) provision whereby such insurance applies separately to each insured to the extent of Sublessee's indemnity obligations hereunder.
- (3) Include a breach of warranty clause in favor of the Additional Insureds, whereby such insurance shall not be invalidated by any breach of warranty by Sublessee.
- (4) Include a blanket contractual liability clause to cover the liability and indemnity assumed by the Sublessee under this Agreement.
- (5) Provide that such insurance is primary without right of contribution from Sublessor's insurance.
- (6) Provide that Sublessor is not obligated for payment of any premiums, deductibles, retention or other self-insurances thereunder.
- (7) Provide for 30 days advance notice to Sublessor and the respective Prime Lessor, by registered or certified mail, of any cancellation, reduction, lapse or other material change.
- (8) Include a Waiver of Subrogation clause in favor of the Additional Insureds.

The indemnities and insurance provisions contained or referred to herein shall survive the expiration or other termination of this Agreement.

13 -- ASSIGNMENT

This Agreement and the rights and obligations created hereunder may not be assigned or delegated by Sublessee without the prior written consent of Sublessor and, if required of Sublessor under the applicable Prime Agreement, the applicable Prime Lessor; but subject to the foregoing, this Agreement and the rights and obligations of the parties hereby created, shall be binding upon and inure to the benefit of the parties hereto, their respective successors, assigns and legal representatives. Sublessor reserves the right to assign or transfer its interest hereunder without notice.

14 -- WAIVER

The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if it is in writing signed by the party against which

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such waiver is to be asserted. Unless otherwise expressly provided in this Agreement, no delay or omission on the part of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege under this Agreement. No failure by either party to take any action or assert any right or privilege hereunder shall be deemed to be a waiver of such right or privilege in the event of the continuation or repetition of the circumstances giving rise to such right unless expressly waived in writing by the party against whom the existence of such waiver is asserted.

15 -- FORCE MAJEURE

Neither party shall be deemed in violation of this Agreement if it is prevented from performing any of its non-monetary obligations hereunder by any labor or industrial dispute; civil disturbance; vandalism or act of a public enemy; shortage of labor, energy or material; court order, regulation, action or non-action of any governmental authority; weather condition; natural disaster; act of God; or other circumstances not reasonably within its control, and which, with the exercise of due diligence, it is unable to overcome; provided that, the provisions of this Article 15 shall not apply where the time period for Sublessor to perform its obligations under the Prime Agreement would not be extended upon the occurrence of any of the foregoing. Each party shall give the other immediate notice of such interruption, shall make all reasonable efforts to eliminate it as soon as possible, and at its conclusion, shall resume performance in accordance with its obligations hereunder; provided that, neither party shall be required to settle or compromise any strike or other labor dispute to so eliminate such interruption.

16 -- NOTICE

All notices made pursuant to this Agreement shall be in writing and shall be deemed given upon (a) a transmitter's confirmation of a receipt of a facsimile transmission (but only if followed by confirmed delivery of a standard overnight courier the following Business Day or if delivered by hand the following Business Day), or (b) confirmed delivery of a standard overnight courier or delivered by hand, to the parties at the following addresses:

if to Sublessor:

[insert]

if to Sublessee:

[insert]

or to such other address as either party hereto may have furnished to the other party by a notice in writing in accordance with this Article 16.

17 -- TERMINATION

Without limiting any rights of Sublessor, either at law or in equity, to exercise any remedies available to Sublessor as may be afforded by operation of law, this Agreement may be terminated as follows:

- a) Immediately upon termination or expiration of the respective Prime Agreement (notwithstanding that such agreement may remain in effect as to space other than the Subleased Premises), or upon expiration or termination of Sublessor's right to grant Sublessee the right to occupy and use the applicable portion of the Subleased Premises.
- b) Immediately without notice to Sublessee if Sublessee files a voluntary petition in bankruptcy or if proceedings in bankruptcy shall be instituted against it and not dismissed within 30 days, or that a court shall take jurisdiction of Sublessee or its assets pursuant to proceedings brought under the provisions of any Federal Reorganization Act, or that a receiver of Sublessee's assets shall be appointed and such taking or appointment shall not be stayed or vacated within a period of 30 days.
- c) Immediately upon written notice to Sublessee, if Sublessee fails to pay any installment of rent or additional rent within 10 days after receipt of written notice that the same was not paid when due.
- d) Immediately upon written notice to Sublessee, if Sublessee fails to perform, keep, and observe any of the terms, covenants or conditions herein contained on the part of Sublessee to be performed, kept, or observed and such failure continues for 30 days after the date of written notice thereof is sent to Sublessee; provided that, if Sublessor would have a lesser period of time to cure such default under the applicable Prime Agreement, then Sublessee shall only be permitted the time period that Sublessor would be permitted to cure such default, less 48 hours; it being further agreed that Sublessor may, but shall not be obligated to, take any action it reasonably deems necessary or advisable at Sublessee' expense to cure such default if such default causes interference with Sublessor's operations or if it is determined by Sublessor, acting reasonably, that such default is likely to result in Sublessor's loss of the use of the Subleased Premises pursuant to the Prime Agreement.
- e) Immediately by either party upon the acquisition or condemnation of the Subleased Premises by eminent domain, in which event Sublessee shall have no claim for the unexpired term nor a claim for any part of the award made for the Subleased Premises.

In the event that this Agreement is terminated in accordance with the foregoing provisions prior to the expiration of the term after a default by Sublessee hereunder, Sublessor may (but shall not be obligated to) relet the Subleased Premises for a term and upon any conditions it may deem proper. In no event will Sublessee be entitled to receive any payment from Sublessor if the profits from such reletting exceed the rental reserved to be paid hereunder by Sublessee. Any termination by Sublessor under this section shall not affect or impair the right

of Sublessor to recover actual damages occasioned by any default by Sublessee that may be recoverable under applicable law.

18 -- SURRENDER OF SUBLEASED PREMISES

Upon expiration or other termination of this Agreement, Sublessee shall remove all its signs, trade fixtures and any other personal property, repair all damage caused by removal, and surrender the Subleased Premises in good order and condition, reasonable wear and tear excepted. If Sublessee fails to surrender possession as aforesaid, Sublessor may re-enter and repossess the Subleased Premises without further notice (any personal property therein being deemed abandoned by Sublessee) and Sublessee hereby waives service of any notice of intention to re-enter and/or right to redeem that may be granted by applicable laws.

Sublessor agrees that on payment of the rents and any other payments due, and performance of the covenants and agreements on the part of Sublessee to be performed hereunder, Sublessee shall peaceably have and enjoy the Subleased Premises for the uses granted to Sublessee hereunder, subject to Sublessor's continued rights under the applicable Prime Agreement and any limitations otherwise stated herein.

20 -- CONDITIONS

It is agreed that if required under the terms of the applicable Prime Agreement, the use of the Subleased Premises by Sublessee is subject to the consent and approval of the applicable Prime Lessor. If written consent by any Prime Lessor is denied after reasonable efforts by the parties hereto to obtain such consent, then either party may, at its option (but without limiting any of Sublessor's rights in respect of any breach of the terms hereof prior to such rescission) rescind its signature hereon and thereafter this Agreement shall become null and void (but only as to the portion of the Subleased Premises covered by such Prime Agreement), and the parties shall become discharged from all further unaccrued liabilities hereunder. If the consent of any Prime Lessor is required, then for purposes of submittal of this Agreement for the consent of such Prime Lessor, it is agreed that Schedule 1 may be redacted so as to describe only the portion of the Subleased Premises as are leased by Sublessor from such Prime Lessor and so as to set forth only the respective Prime Agreements that pertain to the Subleased Premises.

21 -- TAXES

If Sublessor shall be assessed for taxes on any of the Sublessee's leasehold improvements, equipment, furniture, fixtures, personal property or business operations, Sublessee shall pay to Sublessor the amount of such taxes within 10 days after delivery of a written statement thereof.

22 -- SUBJECT IN ALL RESPECTS TO OTHER AGREEMENTS

Notwithstanding anything to the contrary contained in this Agreement, the provisions of this Agreement shall be subject in all respects to the provisions of the Master Facility Agreement and to the provisions of that certain Capacity Purchase Agreement, dated as of January 1, 2001, among Continental Airlines, Inc., ExpressJet Holdings, Inc., and ExpressJet Airlines, Inc.

[SIGNATURE PAGE FOLLOWS]

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

SUBLESSOR SUBLESSEE

BY: BY:

DATE: DATE:

Schedules to be added:

Schedule 1 -- Description of Subleased Premises

Schedule 2 -- Rental Amounts for Subleased Premises

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EXHIBIT B

to the Master Facility and Ground Handling Agreement

FORM OF ASSIGNMENT

This Agreement (this "Agreement") is made and entered into, and is to be effective on, this the ____ day of _____ (the "Effective Date"), by _____, a _____ corporation ("Assignor") and _____, a _____ corporation ("Assignee"), [and the _____ ("Airport Lessor")].

WITNESSETH:

WHEREAS, Assignor leases space], designated on Exhibit(s) ____ attached hereto and made a part hereof (together the "Premises"), at _____ at the _____ Airport, _____ (the "Airport") under a certain [Airport Use and Lease Agreement dated _____, (as amended, hereinafter referred to as the "Lease")] between Assignor and the Airport Lessor;

WHEREAS, a copy of the Lease has been provided to Assignee and is incorporated herein by reference;

WHEREAS, Assignee operates at the Airport and from portions of the Premises;

WHEREAS, Assignor desires to assign to Assignee [all] [a portion] of Assignor's remaining right, title and interest in the Lease [insofar (and only insofar) as the Lease pertains to certain leased premises and improvements described on the attached Annex 1], such space herein called the "Assigned Space" and the improvements located within the Assigned Space are herein called the "Assigned Space Improvements". The Assigned Space and Assigned Space Improvements are herein called the "Assigned Premises";

WHEREAS, Assignee desires to accept such assignment from Assignor;

[WHEREAS, such assignment requires the prior written consent of the Airport Lessor];

[WHEREAS, pursuant to the Lease, such assignment does not require the consent of the Airport Lessor (but written notice of such assignment is required to be given to the Airport Lessor)].

NOW, THEREFORE, in consideration of the assignment herein made and of the mutual agreements and covenants hereinafter set forth, the parties hereto agree as follows:

1. DEMISE AND USE

Effective on the Effective Date, Assignor hereby assigns to Assignee all of the interest of the lessee under the Lease [insofar (and only insofar) as the Lease pertains to the Assigned Premises].

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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2. ACCEPTANCE OF ASSIGNMENT

Assignee accepts the foregoing assignment of the Lease [insofar (and only insofar) as the Lease pertains to the Assigned Premises] and covenants with Assignor, from and after the Effective Date, to pay all rent and other charges provided for in the Lease, as amended and to perform and observe all of the other covenants, conditions and provisions in the Lease, as amended, to be performed or observed by or on the part of Assignor as tenant under the Lease [in respect of the Assigned Premises].

3. WARRANTIES

Assignor hereby warrants and covenants that (i) except for the rights and interests of the Airport Lessor under the Lease, Assignor is now the sole owner of all rights and interests in and to the Assigned Premises, (ii) the Lease[, as it relates to the Assigned Premises,] is in full force and effect, (iii) Assignor has complied with all terms and provisions of the Lease [as it relates to the Assigned Premises] and same is not currently in default and Assignor knows of no condition which with the passage of time or giving of notice might constitute a default under the Lease by any party, and (iv) the Assigned Premises and the Lease[, insofar as it relates to the Assigned Premises,] are free from all liens and encumbrances. A copy of the Lease (and all amendments thereto) are attached as Annex 2.

Subject to the foregoing, Assignee accepts the Assigned Premises and equipment thereon "AS IS" and acknowledges that there is, with respect to the Assigned Premises and equipment thereon, NO WARRANTY, REPRESENTATION, OR CONDITION OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING THE WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR A PARTICULAR PURPOSE, and that none shall be implied by law. Except as stated in this Agreement, Assignee acknowledges that Assignor has made no representations with respect to the Assigned Premises or equipment. Final determination of the suitability of the Assigned Premises or equipment for the use contemplated by Assignee is the sole responsibility of Assignee, and Assignor shall have no responsibility in connection with such suitability.

4. ASSIGNEE TO COMPLY WITH LEASE TERMS

Assignee agrees to perform and observe all of the covenants, conditions and terms of the Lease relating to the period of time from and after the Effective Date [(insofar, but only insofar, as the same related to the Assigned Premises)], and to protect, defend, indemnify and hold harmless Assignor from and against all claims, damages, and expenses of any kind asserted by any person or entity, including the Lessor, arising out of the nonperformance, nonobservance or improper performance or observance of the covenants, conditions or terms of the Lease [(insofar, but only insofar, as the same relates to the Assigned Premises)]. Assignor shall comply with all remaining terms of the Lease, to the extent any non-compliance could adversely affect Assignee rights in or to the Assigned Premises. Assignor agrees to protect, defend, indemnify and hold harmless Assignee from and against all claims, damages, and expenses of any kind asserted by any person or entity, including the Airport Lessor, arising out of the nonperformance, nonobservance or improper performance or observance prior to the Effective Date of the covenants, conditions or terms of the Lease [(insofar, but only insofar as the same relates to or

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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effects the Assigned Premises)]. Nothing herein shall be construed as to obligate Assignee to be responsible in any way for any hazardous material located in, or the environmental condition of, the Assigned Premises as of the Effective Date to the extent not caused by or arising from Assignee's operations.

5. APPROVALS

[This Agreement shall not become effective unless and until the consent of the Airport Lessor is given by execution of consents for the assignments herein made, which consents shall be requested on the standard form for such consents by the lessor as attached hereto as Annex 3. Assignor and Assignee hereby mutually agree to expeditiously take any and all actions, and to cooperate fully with each other, with respect to obtaining any approvals, authorizations, licenses or similar items that may be necessary or desirable in order to carry out the agreements set forth herein or contemplated hereby. The parties hereto agree to request the consent of the Lessor on the consent form attached hereto as Annex 3. The parties agree to make such reasonable changes to such form as may be required by Lessor.]

[Consent by Airport Lessor. Airport Lessor, as evidenced by its execution below, does hereby consent to this Assignment, [releases Assignor from all of its responsibilities and obligations under the Lease that are attributable to the period of time after the Effective Date, and] agrees to look solely to Assignee for performance of all obligations thereafter under the Lease [as it relates to the Assigned Premises].]

[Acknowledgement. Assignor and Airport Lessor hereby represent to the Assignee that the Lease is currently in full force and effect, and that they know of no events of default relating to the Lease or the Assigned Premises as of the date hereof.]

6. APPLICABLE LAW

[The laws of the State where the Assigned Premises are located shall be used in interpreting this Agreement and in determining the rights of the parties under it.]

7. SEVERABILITY

If any part of this Agreement is held to be invalid by final judgment of any court of competent jurisdiction, the part held invalid shall be modified to the extent necessary to make it valid or, if necessary, excised, and the remainder of the Agreement shall continue to remain effective.

8. ENTIRE AGREEMENT

This Agreement contains the entire agreement between the parties with respect to its subject matter and may not be changed in any way, except by a written instrument executed by the parties and, if necessary, approved by the Airport Lessor.

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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9. SUCCESSORS AND ASSIGNS

The provisions of this Agreement shall be binding on the parties, their successors and assigns.

IN WITNESS WHEREOF, the parties have properly executed this Agreement effective the date first above written.

ATTEST: [ASSIGNOR]

BY: -----

TITLE: -----

DATE: -----

ATTEST: [ASSIGNEE]

BY: -----

TITLE: -----

DATE: -----

[Consent of Airport Lessor

By: -----

Name:
Title:
Date:]

- Exhibits to be Attached:
- Annex 1 -- Description of Assigned Space
 - Annex 2 -- Copy of Lease
 - Annex 3 -- Request for Consent
 - Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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EXHIBIT C
to the Master Facility and Ground Handling Agreement
FORM OF CONTINENTAL GROUND HANDLING AGREEMENT
(Continental as Handling Company, Contractor as Carrier)

AHM 810 - ANNEX B

STANDARD GROUND HANDLING AGREEMENT
SIMPLIFIED PROCEDURE
ANNEX B.SYS.0 -- LOCATIONS AGREED SERVICES, FACILITIES AND CHARGES

to the Standard Ground Handling Agreement (SGHA) of April 1993

Between: ExpressJet Airlines, Inc.

1600 Smith
Mail Stop HQSCE
Houston, Texas 77002

(hereinafter referred to as the "Carrier")

And: Continental Airlines, Inc.

1600 Smith
Mail Stop HQSLG
Houston, Texas 77002

(hereinafter referred to as the "Handling Company")

effective from: January 1, 2001

This Annex B.SYS.0

for the location: The Handling Company shall provide ground handling services for Scheduled Flights at the airports set forth on Schedule 1 hereto.

In addition to the airports on Schedule 1 and except for the airports set forth on Schedule 3 (at which Carrier currently provides ground handling), the Handling Company shall also provide ground handling services to the Carrier pursuant to the terms hereof at each additional airport to which Scheduled Flights are scheduled to fly after the date hereof (each, a "New Airport") unless (i) at the time of commencement of Scheduled Flights to such New Airport, the Handling Company does not fly any flights to such airport; (ii) in the calendar month in which such Scheduled Flights commence, such New Airport would be the first, second or third New Airport at which the Handling

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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Company would not provide services to the Carrier pursuant to the terms hereof; and (iii) the Handling Company gives at least 90 days' prior written notice (or such shorter period of time as is reasonably practicable) before the commencement of Scheduled Flights to such New Airport that the Handling Company will not provide ground handling services at such airport. Schedule 1 shall be amended to reflect each such addition.

The Handling Company may elect, upon at least 90 days' prior written notice to the Carrier, to provide ground handling services to the Carrier at any other airport to which Scheduled Flights fly at the time of such election. Schedule 1 shall be amended to reflect each such addition.

Notwithstanding the foregoing, the Handling Company may elect to terminate the provision of services by the Handling Company pursuant hereto at any airport to which the Handling Company does not fly any flights, upon at least 90 days' prior written notice to the Carrier and in any event only at such time as the Carrier, using its commercially reasonable efforts, is able to provide the ground handling services provided by the Handling Company hereunder with respect to Scheduled Flights at such airport. In addition, the provisions of this agreement shall terminate with respect to any airport to which Scheduled Flights cease to be scheduled (other than a temporary cessation, it being understood that the cessation of seasonal Scheduled Flights upon the end of the relevant season shall constitute a temporary cessation if such Scheduled Flights are expected to resume in the subsequent relevant season). Schedule 1 shall be amended to reflect each such termination.

is valid from: January 1, 2001

and replaces: N/A

Capitalized terms used herein that are not defined herein or in the Standard Ground Handling Agreement of April 1993 as published by the International Air Transport Association (the "Main Agreement") or in Annex A thereto, shall have the meanings given to such terms in the

Capacity Purchase Agreement among the Carrier, the Handling Company and ExpressJet Holdings, Inc., the Carrier's parent.

This Annex B is prepared in accordance with the simplified procedure whereby the Carrier and the Handling Company agree that the terms and conditions of the Main Agreement and Annex A to the Main Agreement shall apply as if such terms were repeated here in full, except as otherwise modified pursuant to this Annex B. By signing this Annex B, the parties confirm that they are familiar with the aforementioned Main Agreement and Annex A. The Main Agreement and Annex A, as modified pursuant to this Annex B shall be referred to herein as the "Agreement."

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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PARAGRAPH 1 - HANDLING CHARGES

1.1 The Handling Company shall provide the services of Annex A enumerated below for the Carrier's Scheduled Flights at the locations set forth above:

1.1.1. For services of the Annex A in its:

SECTION 1 -- REPRESENTATION AND ACCOMMODATION:

1.1.2., 1.1.3., 1.1.4.

1.2.1., 1.2.2, 1.2.3.

SECTION 2 -- LOAD CONTROL AND COMMUNICATION:

2.1.3.

2.2.1., 2.2.2., 2.2.3.

SECTION 4 -- PASSENGERS AND BAGGAGE:

4.1.1., 4.1.2., 4.1.3., 4.1.4., 4.1.5., 4.1.6, 4.1.7.(in accordance with the Baggage Resolution System Agreement, 4.2., 4.3., 4.4.1., 4.4.2. (a), 4.4.4. (a)(c), 4.4.5., 4.4.6., 4.4.7.

SECTION 5 -- CARGO AND MAIL:

5.1. thru 5.5 (CO's cargo products)

SECTION 6 -- RAMP:

6.1., 6.2.1., 6.2.2. (a), 6.2.3. (on request at ad hoc rate), 6.3., 6.4.3., 6.4.4., 6.4.5., 6.4.6. (a)(b), 6.4.7., 6.4.8., 6.4.9., 6.4.12., 6.5.1. (on request at ad hoc rate), 6.6.1., 6.7.1.

SECTION 7 -- AIRCRAFT SERVICING:

7.2.2., 7.3., 7.6.2. (ad hoc rates apply)

1.1.2. NO SEPARATE FEES FOR SERVICES COVERED UNDER THE SECTIONS LISTED ABOVE:

The ground handling services to be provided hereunder shall be provided in consideration of the mutual obligations of the Handling Company and the Carrier set forth in the Capacity Purchase Agreement among the Carrier, the Handling Company and ExpressJet Holdings, Inc., the Carrier's parent, with no separate fee charged hereunder; provided that the additional charges specified in Paragraph 2 below shall apply when applicable; and provided further that the Carrier will be responsible for all airport landing fees and other airport taxes or charges, and shall make payment directly therefor.

1.1.3 EQUIPMENT PROVIDED BY CARRIER:

Notwithstanding anything contained in Paragraph 1.1.1 to the contrary, at each

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Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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airport that does not constitute a Hub Airport, the Carrier shall be responsible for supplying all ground handling equipment that is usable only for regional jets or turboprops of the type used by Contractor for Scheduled Flights (as opposed to other types of jets flown by the Handling Company), which, as of the date hereof, is the equipment set forth on Schedule 2 hereto, and which equipment shall not be used by Handling Company for any purpose other than providing ground handling services to Carrier. At all Hub Airports, the Handling Company shall be responsible for supplying such equipment. As between Handling Company and Carrier, Handling Company shall be responsible for supplying all other ground handling equipment necessary for the provision of ground handling services hereunder.

PARAGRAPH 2 -- ADDITIONAL CHARGES

2.1 Services in Annex A which are not included in Paragraph 1 of this Annex and all other additional services when available will be charged for as follows:

2.1.1. Overtime. If, upon Carrier's request, the Handling Company agrees to provide additional personnel in order to handle a flight outside of the scheduled arrival and departure times or for any other reason, the Handling Company not will charge Carrier more than the Handling Company's actual cost of providing such additional personnel.

2.1.2. Supplies. The Carrier will furnish the Handling Company those items specific to its operation, such as, but not limited to, cabin appearance supplies, (i.e. safety cards, pillows and blankets), baggage tags, forms, ticket envelopes, tariffs, timetables, etc. Any materials or supplies provided to the Carrier by the Handling Company will not be charged back to the Carrier at more than the Handling Company's replacement cost.

2.1.3. Third Party Services. The Carrier shall, at the Handling Company's discretion, be responsible for the cost and/or a pro-rata share of the cost, whichever is applicable, incurred by the Handling Company for outside vendor services, such as, but not limited to, water/lavatory services, cabin appearance, ramp handling services, bussing services, aircraft de-icing, aircraft washing and aircraft maintenance services, skycaps, security screening, armed guard and armored car services, baggage claim security, janitorial services, baggage delivery services, wheel chair services, electric cart services, denied boarding compensation, distressed passenger meals and overnight accommodation, etc.

2.1.4. De-Icing. For de-icing services provided by the Handling Company, the Handling Company shall not charge the Carrier more than the procurement cost of fluids and all other actual costs of the Handling Company for providing such

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

de-icing services including the Handling Company's actual labor costs associated with such services.

2.1.6. Training. At the Handling Company's request, the Carrier agrees to reimburse the Handling Company for all associated out-of-pocket expenses required to train the Handling Company's employees in the Carrier's procedures and administrative requirements.

PARAGRAPH 3 -- DISBURSEMENTS

3.1 At the Handling Company's request, disbursements made on behalf of the Carrier shall be reimbursed to the Handling Company at cost.

PARAGRAPH 4 -- SETTLEMENT OF ACCOUNT

4.1 All payments to be made pursuant to this Agreement shall be subject to the setoff provisions of Section 11.16 of the Capacity Purchase Agreement. Notwithstanding Article 7.2 of the Main Agreement, and subject to such setoff provisions of the Capacity Purchase Agreement, settlement of account shall be effected through the IATA Clearing House via the Airlines Clearing House in accordance with the Rules and Regulations of the IATA Clearing House and the Airlines Clearing House.

PARAGRAPH 5 -- TERMINATION OF AGREEMENT

5.1 This Agreement may be terminated by either party at any time following the termination of the Capacity Purchase Agreement; provided, that this Agreement may not be terminated pursuant to this sentence during the Wind-Down Period with respect to any location to which Scheduled Flights continue to fly during such Wind-Down Period. If the Carrier fails to make payments as agreed upon in Paragraph 4.1., the Handling Company may terminate the agreement upon twenty-four (24) hours notice by letter, teletype or facsimile.

PARAGRAPH 6 -- TRANSFER OF SERVICES

6.1 In accordance with Article 3.1 of the Main Agreement, the Handling Company may subcontract the services of Annex A as necessary in order to support the Carrier's operation.

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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PARAGRAPH 7 -- OTHER MODIFICATIONS TO MAIN AGREEMENT

7.1 Sections 11.4, 11.5, 11.6, and 11.10 of the Main Agreement shall not apply to this Agreement.

7.2 Handling Company and Carrier agree that all third-parties engaged by Carrier or Handling Company as of the date hereof to provide of ground handling services to Carrier at any of the airports listed on Schedule 1 hereto are hereby approved for all purposes of Section 3.1 and Section 3.2, as appropriate, of the Main Agreement.

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Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized thereunto, as of the 1st day of January, 2001.

Handling Company: Carrier:

CONTINENTAL AIRLINES, INC. EXPRESSJET AIRLINES, INC.

BY: BY:

TITLE: TITLE:

DATE: DATE:

Schedule 1 Airports

Schedule 2 Carrier Equipment

Schedule 3 1/1/01 Carrier-Handled Airports

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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EXHIBIT D

to the Master Facility and Ground Handling Agreement

FORM OF CONTRACTOR GROUND HANDLING AGREEMENT

(Contractor as Handling Company, Continental as Carrier)

AHM 810 - ANNEX B

STANDARD GROUND HANDLING AGREEMENT

SIMPLIFIED PROCEDURE

ANNEX B.SYS.0 -- LOCATIONS AGREED SERVICES, FACILITIES AND CHARGES

to the Standard Ground Handling Agreement (SGHA) of April 1993

Between: Continental Airlines, Inc.

1600 Smith

Mail Stop HQSLG

Houston, Texas 77002

(hereinafter referred to as the "Carrier")

And: ExpressJet Airlines, Inc.

1600 Smith

Mail Stop HQSCE

Houston, Texas 77002

(hereinafter referred to as the "Handling Company")

effective from: January 1, 2001

This Annex B.SYS.0

for the location: The Handling Company shall provide ground handling services at the airports set forth on Schedule 1 hereto.

The Carrier may elect, at its sole discretion and upon at least 90 days notice to the Handling Company, to require the Handling Company to provide ground handling services to the Carrier at any airport to which the Handling Company already flies Scheduled Flights at the time of such election, but only if the Carrier does not provide ground handling services to the Handling Company at such airport. Schedule 1 shall be amended to reflect each such addition.

Notwithstanding the foregoing, the Carrier may elect, at its sole discretion and upon at least 90 days' prior written notice to the Handling Company, to terminate the provision of services covered hereunder by the Handling

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Company at any airport. In addition, the provisions of this agreement shall terminate with respect to any airport to which Scheduled Flights cease to be scheduled (other than a temporary cessation, it being understood that the cessation of seasonal Scheduled Flights upon the end of the relevant season shall constitute a temporary cessation if such Scheduled Flights are expected to resume in the subsequent relevant season). Schedule 1 shall be amended to reflect each such termination.

is valid from: January 1, 2001

and replaces: N/A

Capitalized terms used herein that are not defined herein or in the Standard Ground Handling Agreement of April 1993 as published by the International Air Transport Association (the "Main Agreement") or in Annex A thereto, shall have the meanings given to such terms in the Capacity Purchase Agreement among the Carrier, the Handling Company and ExpressJet Holdings, Inc., the Handling Company's parent.

This Annex B is prepared in accordance with the simplified procedure whereby the Carrier and the Handling Company agree that the terms and conditions of the Main Agreement and Annex A to the Main Agreement shall apply as if such terms were repeated here in full, except as otherwise modified pursuant to this Annex B. By signing this Annex B, the parties confirm that they are familiar with the aforementioned Main Agreement and Annex A. The Main Agreement and Annex A, as modified pursuant to this Annex B shall be referred to herein as the "Agreement."

PARAGRAPH 1 -- HANDLING CHARGES

1.1 The Handling Company shall provide the services of Annex A enumerated below for the Carrier's scheduled flights at the locations set forth above:

1.1.1. For services of the Annex A in its:

SECTION 1 -- REPRESENTATION AND ACCOMMODATION:

1.1.2., 1.1.3., 1.1.4.

1.2.1., 1.2.2, 1.2.3.

SECTION 2 -- LOAD CONTROL AND COMMUNICATION:

2.1.3.

2.2.1., 2.2.2., 2.2.3.

SECTION 4 -- PASSENGERS AND BAGGAGE:

4.1.1., 4.1.2., 4.1.3., 4.1.4., 4.1.5., 4.1.6, 4.1.7.(in accordance with the Baggage Resolution System Agreement, 4.2., 4.3., 4.4.1., 4.4.2. (a), 4.4.4. (a)(c), 4.4.5., 4.4.6., 4.4.7.

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SECTION 5 -- CARGO AND MAIL:

5.1. thru 5.5 (CO's cargo products)

SECTION 6 -- RAMP:

6.1., 6.2.1., 6.2.2. (a), 6.2.3. (on request at ad hoc rate), 6.3., 6.4.3., 6.4.4., 6.4.5., 6.4.6. (a)(b), 6.4.7., 6.4.8., 6.4.9., 6.4.12., 6.5.1. (on request at ad hoc rate), 6.6.1., 6.7.1.

SECTION 7 -- AIRCRAFT SERVICING:

7.2.2., 7.3., 7.6.2. (ad hoc rates apply)

1.1.2. FEES FOR SERVICES COVERED UNDER THE SECTIONS LISTED ABOVE:

The charges set forth below do not include airport landing fees, or any other airport taxes or charges. The Carrier will be responsible for such charges at its own expense and shall make payment directly therefor.

Flight Fee:

The Carrier shall pay to the Handling Company a Base Per Flight Fee for the ground handling services to be provided hereunder, which fee shall equal the Handling Company's cost of providing such services, as reasonably determined by the Handling Company and subject to the audit rights of the Carrier as set forth in Section 3.05 of the Capacity Purchase Agreement.

1.1.3 EQUIPMENT PROVIDED BY CARRIER:

Notwithstanding anything contained in Paragraph 1.1.1 to the contrary, at each airport, the Carrier shall be responsible for supplying all ground handling equipment that is usable only for jet aircraft other than regional jets, which, as of the date hereof, is the equipment set forth on Schedule 2 hereto, and which equipment shall not be used by Handling Company for any purpose other than providing ground handling services to Carrier. As between Handling Company and Carrier, Handling Company shall be responsible for supplying all other ground handling equipment necessary for the provision of ground handling services hereunder.

PARAGRAPH 2 -- ADDITIONAL CHARGES

2.1 Services in Annex A which are not included in Paragraph 1 of this Annex and all other additional services when available will be charged for as follows:

2.1.1. Overtime. If, upon Carrier's request, the Handling Company agrees to provide additional personnel in order to handle a flight outside of the scheduled arrival

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Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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and departure times or for any other reason, the Handling Company will charge Carrier the Handling Company's actual cost of providing such additional personnel.

2.1.2. Supplies. The Carrier will furnish the Handling Company those items specific to its operation, such as, but not limited to, cabin appearance supplies, (i.e. safety cards, pillows and blankets), baggage tags, forms, ticket envelopes, tariffs, timetables, etc. Any materials or supplies provided to the Carrier by the Handling Company will be charged back to the Carrier at the Handling Company's replacement cost.

2.1.3. Third Party Services. The Carrier shall, at the Handling Company's discretion, be responsible for the cost and/or a pro-rata share of the cost, whichever is applicable, incurred by the Handling Company for outside vendor services, such as, but not limited to, water/lavatory services, cabin appearance, ramp handling services, bussing services, aircraft de-icing,

aircraft washing and aircraft maintenance services, skycaps, security screening, armed guard and armored car services, baggage claim security, janitorial services, baggage delivery services, wheel chair services, electric cart services, denied boarding compensation, distressed passenger meals and overnight accommodation, etc.

2.1.4. De-Icing. For de-icing services provided by the Handling Company, the Handling Company shall charge the Carrier the procurement cost of fluids and all other actual costs of the Handling Company for providing such de-icing services including the Handling Company's actual labor costs associated with such services.

2.1.6. Training. The Carrier agrees to reimburse the Handling Company for all associated out-of-pocket expenses required to train the Handling Company's employees in the Carrier's procedures and administrative requirements.

PARAGRAPH 3 -- DISBURSEMENTS

3.1 Disbursements made on behalf of the Carrier shall be reimbursed to the Handling Company at cost.

PARAGRAPH 4 -- SETTLEMENT OF ACCOUNT

4.1 Notwithstanding Article 7.2 of the Main Agreement and subject to the setoff provisions of the Capacity Purchase Agreement, settlement of account shall be effected through the IATA Clearing House via the Airlines Clearing House in accordance with the Rules and Regulations of the IATA Clearing House and the Airlines Clearing House.

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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PARAGRAPH 5 -- TERMINATION OF AGREEMENT

5.1 This Agreement may be terminated by either party at any time following the termination of the Capacity Purchase Agreement; provided, that this Agreement may not be terminated pursuant to this sentence during the Wind-Down Period with respect to any location to which Scheduled Flights continue to fly during such Wind-Down Period. If the Carrier fails to make payments as agreed upon in Paragraph 4.1., the Handling Company may terminate the agreement upon twenty-four (24) hours notice by letter, teletype or facsimile.

PARAGRAPH 6 -- TRANSFER OF SERVICES

6.1 In accordance with Article 3.1 of the Main Agreement, the Handling Company may subcontract the services of Annex A as necessary in order to support the Carrier's operation.

PARAGRAPH 7 -- OTHER MODIFICATIONS TO MAIN AGREEMENT

7.1 Upon the request of the Carrier from time to time at its sole discretion, and for so long as requested by the Carrier during the Term of this Agreement, the Handling Company shall provide ground handling services pursuant to this Agreement at any location covered by this Annex B to any of the Carrier's codeshare partners.

7.2 Sections 11.4, 11.5, 11.6, and 11.10 of the Main Agreement shall not apply to this Agreement.

7.3 Handling Company and Carrier agree that all third-parties engaged by Carrier or Handling Company as of the date hereof to provide of ground handling services to Carrier at any of the airports listed on Schedule 1 hereto are hereby approved for all purposes of Section 3.1 and Section 3.2, as appropriate, of the Main Agreement.

7.4 In connection with the determination of the Base Per Flight Fee pursuant to Section 1.1.2 above and the charges pursuant to Section 2 above, Handling Company shall make available for inspection by Carrier and its outside auditors, within a reasonable period of time after Carrier makes a written request therefor, all of Handling Company's books and records (including all financial and accounting records) relating to this Agreement and the provision of services hereunder by Handling Company. Each of Carrier and its outside auditors shall be entitled to make copies and notes of such information as it deems necessary and to discuss such records with Handling Company's Chief Financial Officer or such other employees or agents of Handling Company knowledgeable about such records. Upon the reasonable written request of Carrier or its outside auditors, Handling Company will cooperate with Carrier and its outside auditors to permit Carrier and its outside auditors access to Handling Company's outside auditors for purposes of reviewing such records.

Annex B.SYS.0

Continental Airlines/ExpressJet Airlines, Inc.[ExpressJet as Handling Company] Dated: January 1, 2001

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized thereunto, as of the 1st day of January, 2001.

Carrier: Handling Company: CONTINENTAL AIRLINES, INC. EXPRESSJET AIRLINES, INC.

BY: BY:

TITLE: TITLE:

DATE: DATE:

Schedule 1 Airports

Schedule 2 Carrier Equipment

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EXHIBIT D

TERMS OF CODESHARE ARRANGEMENTS

1. Contractor's use of CO code. During the Term of the Agreement, Continental shall be permitted to place its two-letter designator code "CO" on all flights operated by Contractor and shall place its designator code, "CO", on all flights operated by Contractor with Covered Aircraft. Continental may suspend the display of its code on flights operated by Contractor if Contractor is in breach of any of its operational or safety-related obligations under the Agreement during the period that such breach continues. All Contractor operated flights that display the CO code are referred to herein as "CO* Flights".

2. Contractor's display of CO code.

(a) All CO* Flights will be included in the schedule, availability and fare displays of all computerized reservations systems in which Continental and Contractor participate, the Official Airline Guide (to the extent agreed upon) and Continental's and Contractor's internal reservation systems, under the CO code, to the extent possible. Continental and

Contractor will take the appropriate measures necessary to ensure the display of the schedules of all CO* Flights in accordance with the preceding sentence.

(b) Continental and Contractor will disclose and identify the CO* Flights to the public as actually being a flight of and operated by Contractor, in at least the following ways:

(i) a symbol will be used in timetables and computer reservation systems indicating that CO* Flights are actually operated by Contractor;

(ii) to the extent reasonable, messages on airport flight information displays will identify Contractor as the operator of flights shown as CO* Flights;

(iii) Continental and Contractor advertising concerning CO* Flights and Continental and Contractor reservationists will disclose Contractor as the operator of each CO* Flight; and

- i. in any other manner prescribed by law.
- ii.

3. Terms and Conditions of Carriage. In all cases the contract of carriage between a passenger and a carrier will be that of the carrier whose code is designated on the ticket. Continental and Contractor shall each cooperate with the other in the

Exhibit D-1

exchange of information necessary to conform each carrier's contract of carriage to reflect service offered by the other carrier.

4. Notification of irregularities in operations. Contractor shall promptly notify Continental of all irregularities involving a CO* Flight which result in any material damage to persons or property as soon as such information is available and shall furnish to Continental as much detail as practicable. For purposes of this section, notification shall be made as follows:

Continental Airlines System Operations Control Center (SOCC)

1600 Smith

Houston, Texas 77002

Attention: Operations Director

Phone no. (713) 324-7209

Fax no. (713) 324-2138,

SITA FCFDDCO.

5. Code Sharing License.

(a) Grant of License. Subject to the terms and conditions of the Agreement, Continental hereby grants to Contractor a nonexclusive, nontransferable, revocable license to use the CO* designator code on all of its flights operated as a CO* Flight.

(b) Control of CO* Flights. Subject to the terms and conditions of the Agreement, Contractor shall have sole responsibility for and control over, and Continental shall have no responsibility for, control over or obligations or duties with respect to, each and every aspect of Contractor's operation of CO* Flights.

6. Display of other codes. During the Term of the Agreement, Continental shall have the exclusive right to determine which other airlines ("Alliance Airlines"), if any, may place their two letter designator codes on flights operated by Contractor with Covered Aircraft and to enter into agreements with such Alliance Airlines with respect thereto. Contractor will cooperate with Continental and any Alliance Airlines in the formation of a code share relationship between Contractor and the Alliance Airlines and enter into reasonably acceptable agreements and make the necessary governmental filings, as requested by Continental, with respect thereto.

7. Customer First. During the period that Continental places its designator code on flights operated by Contractor, Contractor will adopt and follow plans and policies comparable (to the extent applicable and permitted by law and subject to operational constraints) to Continental's Customer First Commitments as presently existing and hereafter modified. Contractor acknowledges that it has received a copy of Continental's presently existing Customer First Commitments. Continental will provide Contractor with any modifications thereto promptly after they are made.

EXHIBIT E

ADMINISTRATIVE SUPPORT AND INFORMATION SERVICES PROVISIONING AGREEMENT

Exhibit E-1

ADMINISTRATIVE SUPPORT AND INFORMATION SERVICES

PROVISIONING AGREEMENT

This ADMINISTRATIVE SUPPORT AND INFORMATION SERVICES PROVISIONING AGREEMENT is made and entered into as of January 1, 2001 by and among Continental Airlines, Inc., a Delaware corporation ("Continental"), ExpressJet Holdings, Inc., a Delaware corporation ("Holdings"), and ExpressJet Airlines, Inc., a Delaware corporation and a wholly owned subsidiary of Holdings ("ExpressJet" and collectively with Holdings, "Express").

WHEREAS, Continental and Express desire to enter into this Administrative Support and Information Services Provisioning Agreement with respect to the provision of certain administrative support and information services in connection with entering into the Capacity Purchase Agreement, dated as of January 1, 2001, among Continental, Holdings and ExpressJet;

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the parties hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms shall have the following definitions:

"Agreement" means this Administrative Support and Information Services Provisioning Agreement, as the same may be amended or supplemented from time to time.

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

"Capacity Purchase Agreement" means that certain Capacity Purchase Agreement among Continental, Holdings and ExpressJet dated as of January 1, 2001, as the same may be amended or supplemented from time to time.

"Continental" has the meaning set forth in the Preamble.

"Continental's Cost" means, with respect to any Service, the cost to Continental of providing such Service, including the associated overhead or general and administrative expenses.

"Express" has the meaning set forth in the Preamble.

"ExpressJet" has the meaning set forth in the Preamble.

"Holdings" has the meaning set forth in the Preamble.

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"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization and a governmental entity or any department, agency or political subdivision thereof.

"Services" means the services provided by Continental to Express pursuant to Section 2.

2. Provision of Services.

Continental agrees, in consideration of the payments described in Section 3 hereof, to provide Express with the Services described on Exhibit A hereto. Subject to the availability of Continental personnel and resources, Services shall be provided on an "as-needed" basis, as determined in good faith by Continental, with Express receiving the same priority in the provision of such Services as is received by Continental's internal operations.

3. Payment for Services.

3.1 Subject to the provisions of Section 4, the Services shall be billed at the applicable monthly rates set forth on Exhibit A for each period through December 31, 2003 where feasible, Continental may cause third-party vendors of Services to bill Express for such services directly.

3.2 The amounts specified in Exhibit A for Services shall, at Continental's option, either be set off by Continental against any payment of any Invoiced Amount under Section 3.06(a) of the Capacity Purchase Agreement, or, to the extent such amounts are not so set off prior to the 15th Business Day of the month following the month during which such Services were provided (the "Services Payment Date"), be payable by Express to Continental on the Services Payment Date.

4. Changes in Services or Prices.

4.1 Adjustments to Pricing. The pricing or billing classification of, or other charges related to, Services to be provided pursuant to Section 2 hereof may be adjusted by Continental to reflect changes in Continental's Cost of providing such Services. If Continental desires

to adjust the pricing or billing classification of, or other charges related to, any Service, it shall provide Express with written notice of the adjustment at least 90 days prior to the effective date of the proposed change, which notice shall be accompanied with detailed information supporting the adjustment.

4.2 Deletions of Services. Upon not less than 30 days prior written notice, Express may elect to cease receiving any of the Services provided pursuant hereto, and, in such case, the prices or billing classifications of Services shall be adjusted pursuant to Section 4.1 to reflect such deletion, effective upon the date such Services are no longer provided.

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5. Purchasing and Third-Party Vendors

5.1 Purchasing. If and to the extent that the Services provided pursuant to this Agreement include the services of Continental's purchasing department or any affiliate of Continental organized therefor for the purchase on Express's behalf of supplies or other materials (excluding fuel), Continental or such affiliate may either purchase such supplies or other material in its own name or in the name of Express, and to the extent that Express is not billed directly for any such supplies or other material by the provider thereof, Express shall promptly reimburse Continental or such affiliate for the actual cost thereof, including freight, storage and any applicable taxes, but excluding any allocation by Continental or such affiliate of overhead or general and administrative expenses.

5.2 Use of Third-Party Vendors. It is expressly acknowledged by Express that certain of the Services to be provided by Continental pursuant to this Agreement may be provided by, or using services supplied by, third parties under contracts or other arrangements with Continental. Express consents to the use by Continental of such third-party vendors or subcontractors as Continental, in the exercise of its sole discretion, may from time to time select.

6. Standard of Care; Disclaimer of Warranties; Limitation of Liabilities. Continental's standard of care with respect to the provision of Services pursuant to this Agreement shall be limited to providing services of the same general quality as Continental provides for its own internal operations, and Express's sole and exclusive remedy for the failure by Continental to meet such standard of care shall be to terminate this Agreement pursuant to Section 8 hereof. Continental makes no representations or warranties of any kind, whether express or implied (i) as to the quality or timeliness or fitness for a particular purpose of Services it provides or any Services provided hereunder by third-party vendors or subcontractors, or (ii) with respect to any supplies or other material purchased on behalf of Express pursuant to this Agreement, the merchantability or fitness for any purpose of any such supplies or other materials. Under no circumstances shall Continental have any liability hereunder for damages in excess of amounts paid by Express under this Agreement or for consequential or punitive damages, including, without limitation, lost profits.

7. Independent Parties.

7.1 Independent Contractors. It is expressly recognized and agreed that each party, in its performance and otherwise under this Agreement, is and shall be engaged and acting as an independent contractor and in its own independent and separate business; and that each party shall retain complete and exclusive control over its staff and operations and the conduct of its business. Neither Continental nor Express nor any officer, employee, representative, or agent of Continental or Express shall in any manner, directly or indirectly, expressly or by implication, be deemed to be in, or make any representation or take any action which may give rise to the existence of, any employment, agent, partnership or other similar relationship as between Continental and Express, but each party's relationship as respects the other parties in connection with this Agreement is and shall remain that of an independent contractor.

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7.2 Employees. The employees, agents and independent contractors of Express are employees, agents, and independent contractors of Express for all purposes, and under no circumstances will be deemed to be employees, agents or independent contractors of Continental. The employees, agents and independent contractors of Continental are employees, agents and independent contractors of Continental for all purposes, and under no circumstances will be deemed to be employees, agents or independent contractors of Express. Continental will have no supervision or control over any such Express employees, agents and independent contractors and any complaint or requested change in procedure made by Continental will be transmitted by Continental to Express. Express will have no supervision or control over any such Continental employees, agents and independent contractors and any complaint or requested change in procedure made by Express will be transmitted by Express to Continental.

8. Transition and Termination.

8.1 Transition; Term. Promptly after June 30, 2002, the parties hereby agree to negotiate in good faith and enter into a Transition Services Agreement with terms reasonably acceptable to each party. The Transition Services Agreement will provide for the termination of all administrative support and information services provided by Continental to Express over a period of time to be set forth therein. Unless terminated earlier pursuant to another provision hereof, this Agreement shall terminate upon the effectiveness of the Transition Services Agreement referred to in the preceding sentences or, if no Transition Services Agreement is entered into, on December 31, 2003.

8.2 By Express for Breach. Express may terminate this Agreement upon the occurrence of any material breach of this Agreement by Continental, including Continental's failure to meet the standard of care described in Section 6 hereof, which breach shall not have been cured within 60 days after written notice of such breach is delivered by Express to Continental.

8.3 By Continental for Breach. Continental may terminate this Agreement upon the occurrence of any material breach of this Agreement by Express, which breach shall not have been cured within 60 days after written notice of such breach is delivered by Continental to Express.

9. Miscellaneous.

9.1 Entire Agreement. Except as otherwise set forth in this Agreement, this Agreement and the exhibit hereto constitute the entire agreement between the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, among the parties with respect to the subject matter hereof.

9.2 Authority. Each of the parties hereto represents to the other that (a) it has the corporate power and authority to execute, deliver and perform this Agreement, (b) the execution,

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delivery and performance of this Agreement by it has been duly authorized by all necessary corporate action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

9.3 Consent to Exclusive Jurisdiction. Any action, suit or proceeding arising out of any claim that the parties cannot settle through good faith negotiations shall be litigated exclusively in the state courts of Harris County of the State of Texas. Each of the parties hereto hereby irrevocably and unconditionally (a) submits to the jurisdiction of such state courts of Texas for any such action, suit or proceeding, (b) agrees not to commence any such action, suit or proceeding except in such state courts of Texas, (c) waives, and agrees not to plead or to make, any objection to the venue of any such action, suit or proceeding in such state courts of Texas, (d) waives, and agrees not to plead or to make, any claim that any such action, suit or proceeding brought in such state courts of Texas has been brought in an improper or otherwise inconvenient forum, (e) waives, and agrees not to plead or to make, any claim that such state courts of Texas lack personal jurisdiction over it, and (f) waives its right to remove any such action, suit or proceeding to the federal courts except when such courts are vested with sole and exclusive jurisdiction by statute. The parties shall cooperate with each other in connection with any such action, suit or proceeding to obtain reliable assurances that confidential treatment will be accorded any information that any party shall reasonably deem to be confidential or proprietary. Each of the parties hereto further covenants and agrees that, until the expiration of all applicable statutes of limitations relating to potential claims under this Agreement, each such party shall maintain a duly appointed agent for the service of summonses and other legal process in the State of Texas.

9.4 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas (other than the laws regarding conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies.

9.5 Notices. All notices shall be in writing and shall be deemed given upon (a) a transmitter's confirmation of a receipt of a facsimile transmission (but only if followed by confirmed delivery by a standard overnight courier the following Business Day or if delivered by hand the following Business Day), or (b) confirmed delivery by a standard overnight courier or delivered by hand, to the parties at the following addresses:

if to Continental:

Continental Airlines, Inc.

1600 Smith Street, HQSCD

Houston, Texas 77002

Attention: Senior Vice President - Corporate Development

Telecopy No.: (713) 324-3229

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with a copy to:

Continental Airlines, Inc.

1600 Smith Street, HQSLG

Houston, Texas 77002

Attention: General Counsel

Telecopy No.: (713) 324-5161

if to Express, to:

ExpressJet Holdings, Inc.

1600 Smith Street, HQSCE

Houston, Texas 77002

Attention: Chief Financial Officer

Telecopy No.: (713) 324-4420

or to such other address as a party hereto may have furnished to the other parties by a notice in writing in accordance with this Section 9.5.

9.6 Amendment and Modification. This Agreement may not be amended or modified in any respect except by a written agreement signed by each of the parties hereto.

9.7 Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon the parties hereto and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Except with respect to a merger of a party with another Person, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by a party hereto without the prior written consent of the other parties, which consent shall not be unreasonably withheld or delayed.

9.8 Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, and no Person shall be deemed a third party beneficiary under or by reason of this Agreement.

9.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. This Agreement may be executed by facsimile signature.

9.10 Waiver. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if it is in writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided in this Agreement, no delay or omission on the part of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or

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privilege under this Agreement. No failure by a party to take any action or assert any right or privilege hereunder shall be deemed to be a waiver of such right or privilege in the event of the continuation or repetition of the circumstances giving rise to such right unless expressly waived in writing by the party against whom the existence of such waiver is asserted.

9.11 Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

9.12 Equitable Remedies. Each of Continental and Express acknowledges and agrees that under certain circumstances the breach by Continental or any of its affiliates or Express or any of its affiliates of a term or provision of this Agreement will materially and irreparably harm the other party, that money damages will accordingly not be an adequate remedy for such breach and that the non-defaulting party, in its sole discretion and in addition to its rights under this Agreement and any other remedies it may have at law or in equity, may, notwithstanding the provisions contained in Section 9.3, apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any breach of the provisions of this Agreement.

9.13 References; Construction. The section and other headings and subheadings contained in this Agreement and the exhibits hereto are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Agreement or any exhibit hereto. All references to days or months shall be deemed references to calendar days or months. All references to "\$" shall be deemed references to United States dollars. Unless the context otherwise requires, any reference to a "Section" or an "Exhibit" shall be deemed to refer to a section of this Agreement or an exhibit to this Agreement, as applicable. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, unless otherwise specifically provided, they shall be deemed to be followed by the words "without limitation." This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing the document to be drafted.

9.14 Equal Opportunity. EEO clauses contained at 11 C.F.R. Sections 60-1.4, 60-250.4 and 60-741.4 are hereby incorporated by reference. Each party shall comply with all equal opportunity laws and regulations which apply to or must be satisfied by that party as a result of this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CONTINENTAL AIRLINES, INC. EXPRESSJET HOLDINGS, INC.

By: By:

Title: Title:

EXPRESSJET AIRLINES, INC.

By:

Title:

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EXHIBIT F

FUEL PURCHASING AGREEMENT

FUEL PURCHASING AGREEMENT

This Fuel Purchasing Agreement (this "Agreement") is made as of this 1st day of January 2001, by and between CONTINENTAL AIRLINES, INC., a Delaware corporation ("Continental"), and EXPRESSJET AIRLINES, INC., a Delaware corporation ("ExpressJet").

WHEREAS, Continental, ExpressJet and ExpressJet Holdings, ExpressJet's parent ("Holdings"), are entering into a Capacity Purchase Agreement contemporaneously with the execution of this Agreement (the "Capacity Purchase Agreement");

WHEREAS, ExpressJet has requested that Continental purchase on ExpressJet's behalf and supply it with all of the jet fuel needed to provide the Regional Airline Services, and Continental is willing to do so on the terms and subject to the conditions of this Agreement;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions. All capitalized terms that are used and not otherwise defined herein shall have the meanings given to such terms in the Capacity Purchase Agreement.
2. Products Covered. The product covered by this Agreement shall be aviation jet fuel meeting ASTM Specification D 1655-99 (such fuel being referred to herein as "Fuel"). The definition of future products and the scope of this Agreement may be revised from time to time upon mutual consent of the parties.
3. Services to Be Provided. Continental shall supply or cause to be supplied to ExpressJet all Fuel that ExpressJet shall require to provide the Regional Airline Services, and ExpressJet shall purchase and pay for such Fuel in accordance with the terms and conditions of Section 5 of this Agreement. In connection with the provision of Fuel to ExpressJet pursuant to this Agreement, Continental shall manage all aspects of procuring, transporting and delivering Fuel to ExpressJet in respect of Regional Airline Services, including without limitation selecting the source of Fuel, negotiating and consummating agreements with fuel suppliers and into-plane service providers, providing consortium representation and furnishing day-to-day management pertaining to any fuel-related services. Continental shall be the exclusive provider of Fuel and fuel-related services used to provide Regional Airline Services during the term of this Agreement.
4. Planning. ExpressJet will provide Continental each month with a rolling twelve-month forecast of fuel needs not later than the 5th day of such month, which forecast shall reflect the Final Monthly Schedule for such month, Continental's proposed schedule for Scheduled Flights for the two months following such month as presented to ExpressJet pursuant to Section 2.01(b) of the Capacity Purchase Agreement and such other information published by Continental regarding scheduled ExpressJet flights over the next twelve-month period.

5. Price and Payment.

(a) In consideration of Continental providing Fuel and other services to ExpressJet pursuant to this Agreement, ExpressJet shall pay Continental, in accordance with the terms of Section 5(b) with respect to any applicable period, an amount in cash equal to the Contract Fuel Rate multiplied by the amount of Fuel so provided during such period. For the avoidance of doubt, the parties agree that all of Continental's costs, gains or losses resulting from engaging in any fuel-price hedging transactions with respect to Fuel provided to ExpressJet under this Agreement shall be for Continental's account.

(b) Not later than two (2) Business Days prior to the beginning of each calendar month during the term of this Agreement, Continental shall send an invoice to ExpressJet setting forth the estimated amount payable by ExpressJet to Continental for Fuel and services to be rendered hereunder for the following calendar month, which amounts shall, at Continental's option, either be set off by Continental against any payment of any Invoiced Amount under Section 3.06(a) of the Capacity Purchase Agreement, or be immediately payable by ExpressJet on or before the beginning of each calendar month. Not later than 12 days following the end of each calendar month, Continental and ExpressJet shall reconcile actual amounts due in respect of such calendar month pursuant to Section 5(a) with the estimated amounts paid by ExpressJet pursuant to the first sentence of this Section 5(b), such reconciliation to occur pursuant to Section 3.06(b) of the Capacity Purchase Agreement.

6. Fuel Storage Consortia. Continental may, in its sole discretion and at its sole expense, direct ExpressJet to do any of the following (in which event ExpressJet shall comply with Continental's directions): (i) join any fuel consortium selected by Continental at any airport at which Continental provides Fuel to ExpressJet, (ii) terminate any membership that it has or may have in any such consortium or (iii) not join any such consortium at any such airport and, in lieu thereof, pay a non-member fee to such consortium for the right to use fuel stored at such consortium's storage facilities.

7. Term. This agreement is coterminous with the Capacity Purchase Agreement and may be terminated by either party upon the termination of the Capacity Purchase Agreement; provided, however, that if a party hereto elects to terminate this Agreement as a result of the Capacity Purchase Agreement being terminated, the terms of this Agreement shall continue with respect to any locations to which Scheduled Flights are flown during the Wind-Down Period.

8. Authority. Each of the parties hereto represents to the other that (a) it has the corporate power and authority to execute, deliver and perform this Agreement, (b) the execution, delivery and performance of this Agreement by it has been duly authorized by all necessary corporate action, (c) it has duly and validly executed and delivered this Agreement, and (d) this Agreement is a legal, valid and binding obligation, enforceable against it in accordance with its terms subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally and general equity principles.

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9. Consent to Exclusive Jurisdiction. Any action, suit or proceeding arising out of any claim that the parties cannot settle through good faith negotiations shall be litigated exclusively in the state courts of Harris County of the State of Texas. Each of the parties hereto hereby irrevocably and unconditionally (a) submits to the jurisdiction of such state courts of Texas for any such action, suit or proceeding, (b) agrees not to commence any such action, suit or proceeding except in such state courts of Texas, (c) waives, and agrees not to plead or to make, any objection to the venue of any such action, suit or proceeding in such state courts of Texas, (d) waives, and agrees not to plead or to make, any claim that any such action, suit or proceeding brought in such state courts of Texas has been brought in an improper or otherwise inconvenient forum, (e) waives, and agrees not to plead or to make, any claim that such state courts of Texas lack personal jurisdiction over it, and (f) waives its right to remove any such action, suit or proceeding to the federal courts except when such courts are vested with sole and exclusive jurisdiction by statute. The parties shall cooperate with each other in connection with any such action, suit or proceeding to obtain reliable assurances that confidential treatment will be accorded any information that any party shall reasonably deem to be confidential or proprietary. Each of the parties hereto further covenants and agrees that, until the expiration of all applicable statutes of limitations relating to potential claims under this Agreement, each such party shall maintain a duly appointed agent for the service of summonses and other legal process in the State of Texas.

10. Binding Effect; Assignment. This Agreement and all of the provisions hereof shall be binding upon the parties hereto and inure to the benefit of the parties hereto and their respective successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by either party without the prior written consent of the other party. Notwithstanding the foregoing, Continental may assign its rights and delegate its duties hereunder to a successor that is a certificated air carrier and that will continue to operate a significant portion of Continental's current airline operations.

11. Employees of Continental. The employees, agents and independent contractors of Continental engaged in performing any of the services Continental is to perform pursuant to this Agreement are employees, agents and independent contractors of Continental for all purposes, and under no circumstances will be deemed to be employees, agents or independent contractors of ExpressJet. In its performance under this Agreement, Continental will act, for all purposes, as an independent contractor and not as an agent for ExpressJet. ExpressJet will have no

supervisory power or control over any employees, agents or independent contractors engaged by Continental in connection with its performance hereunder.

12. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas (other than laws regarding conflicts of laws) as to all matters, including matters of validity, construction, effect, performance and remedies.

13. Notices. All notices shall be in writing and shall be deemed given upon (a) a transmitter's confirmation of a receipt of a facsimile transmission (but only if followed by confirmed delivery of a standard overnight courier the following Business Day or if delivered by hand the following Business Day), or (b) confirmed delivery of a standard overnight courier or delivered by hand, to the parties at the following addresses:

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if to Continental:

Continental Airlines, Inc.
1600 Smith Street, HQSCD
Houston, Texas 77002
Attention: Senior Vice President - Corporate Development
Telecopy No.: (713) 324-3229

with a copy to:

Continental Airlines, Inc.
1600 Smith Street, HQSCD
Houston, Texas 77002
Attention: General Counsel
Telecopy No.: (713) 324-5161

if to ExpressJet, to:

ExpressJet Airlines, Inc.
1600 Smith Street, HQSCE
Houston, Texas 77002
Attention: Chief Financial Officer
Telecopy No.: (713) 324-4420

or to such other address as either party hereto may have furnished to the other party by a notice in writing in accordance with this Section 2.

14. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof. Any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

15. Entire Agreement. Except as otherwise set forth in this Agreement, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral, between the parties with respect to such subject matter.

16. Amendment and Modification. This Agreement may not be amended or modified in any respect except by a written agreement signed by both of the parties hereto.

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17. Third Party Beneficiaries. Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, and no Person shall be deemed a third party beneficiary under or by reason of this Agreement.

18. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Agreement may be executed by facsimile signature.

19. Waiver. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term, but such waiver shall be effective only if it is in writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided in this Agreement, no delay or omission on the part of any party in exercising any right or privilege under this Agreement shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right or privilege under this Agreement operate as a waiver of any other right or privilege under this Agreement nor shall any single or partial exercise of any right or privilege preclude any other or further exercise thereof or the exercise of any other right or privilege under this Agreement. No failure by either party to take any action or assert any right or privilege hereunder shall be deemed to be a waiver of such right or privilege in the event of the continuation or repetition of the circumstances giving rise to such right unless expressly waived in writing by the party against whom the existence of such waiver is asserted.

20. Equitable Remedies. Each of Continental and ExpressJet acknowledges and agrees that under certain circumstances the breach by Continental or any of its affiliates or ExpressJet or any of its affiliates of a term or provision of this Agreement will materially and irreparably harm the other party, that money damages will accordingly not be an adequate remedy for such breach and that the non-defaulting party, in its sole discretion and in addition to its rights under this Agreement and any other remedies it may have at law or in equity, may, notwithstanding the provisions contained in Section 10, apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance and/or other injunctive relief in order to enforce or prevent any breach of the provisions of this Agreement.

21. References; Construction. The section and other headings and subheadings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties hereto, and shall not in any way affect the meaning or interpretation of this Agreement. All references to days or months shall be deemed references to calendar days or months. Unless the context otherwise requires,

any reference to a "Section" shall be deemed to refer to a section of this Agreement. The words "hereof," "herein" and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Whenever the words "include," "includes" or "including" are used in this Agreement, unless otherwise specifically provided, they shall be deemed to be followed by the words "without limitation." This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing the document to be drafted.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers duly authorized thereunto, as of the 1st day of January, 2001.

CONTINENTAL AIRLINES, INC. EXPRESSJET AIRLINES, INC.

By: By:

Name: Name:

Title: Title:

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EXHIBIT G

USE OF CONTINENTAL MARKS AND OTHER IDENTIFICATION

1. Grant. Continental hereby grants to Contractor, and Contractor accepts, a non-exclusive, personal, non-transferable, royalty-free right and license to adopt and use the Continental Marks and other Identification in connection with the rendering by Contractor of Regional Airline Services, subject to the conditions and restrictions set forth herein.

2. Ownership of the Continental Marks and Other Identification.

a. Continental shall at all times remain the owner of the Continental Marks and the other Identification and any registrations thereof and Contractor's use of any Continental Marks or other Identification shall clearly identify Continental as the owner of such marks (to the extent practical) to protect Continental's interest therein.

b. Contractor acknowledges Continental's ownership of the Continental Marks and the other Identification and further acknowledges the validity of the Identification. Contractor agrees that it will not do anything that in any way infringes or abridges Continental's rights in the Identification or directly or indirectly challenges the validity of the Identification.

3. Use of the Continental Marks and the Other Identification.

a. Contractor shall use the Continental Marks and other Identification only as authorized herein by Continental and in accordance with such standards of quality as Continental may establish.

b. Contractor shall use the Identification on all Covered Aircraft and all facilities, equipment, uniforms and printed materials used in connection with the Regional Airline Services.

c. Contractor shall not use the Identification for any purpose other than as set forth in this Exhibit G, and specifically shall have no right to use the Continental Marks or other Identification on or in any Uncovered Aircraft or in connection with any other operations of Contractor.

d. Continental shall have exclusive control over the use and display of the Continental Marks and other Identification, and may change the Identification at any time and from time to time (including by adding or deleting marks from the list specified in this Exhibit G), in which case Contractor shall as soon as practicable make such changes as are requested by Continental to utilize the new Identification; provided that Continental shall either pay directly the reasonable costs of making such changes to

Exhibit G-1

the Identification or shall promptly reimburse Contractor for its reasonable expenses incurred in making such changes.

e. Nothing shall abridge Continental's right to use and/or to license the Identification, and Continental reserves the right to the continued use of all the Identification, to license such other uses of the Identification and to enter into such agreements with other carriers providing for arrangements similar to those with Contractor as Continental may desire. No term or provision of this Agreement shall be construed to preclude the use of the Continental Marks or other Identification by other persons or for similar or other uses not covered by this Agreement.

4. Continental-Controlled Litigation. Continental at its sole expense shall take all steps that in its opinion and sole discretion are necessary and desirable to protect the Continental Marks and other Identification against any infringement or dilution. Contractor agrees to cooperate fully with Continental in the defense and protection of the Continental Marks and other Identification as reasonably requested by Continental. Contractor shall report to Continental any infringement or imitation of, or challenge to, the Continental Marks and other Identification, immediately upon becoming aware of same. Contractor shall not be entitled to bring, or compel Continental to bring, an action or other legal proceedings on account of any infringements, imitations, or challenges to any element of the Continental Marks and other Identification without the written agreement of Continental. Continental shall not be liable for any loss, cost, damage or expense suffered or incurred by Contractor because of the failure or inability to take or consent to the taking of any action on account of any such infringements, imitations or challenges or because of the failure of any such action or proceeding. If Continental shall commence any action or legal proceeding on account of such infringements, imitations or challenges, Contractor agrees to provide all reasonable assistance requested by Continental in preparing for and prosecuting the same.

5. Revocation of License. Continental shall have the right to cancel the license provided herein in whole or in part at any time and for any reason, in which event all terminated rights to use the Identification

provided Contractor herein shall revert to Continental and shall not be used by Contractor in connection with any operations of Contractor. The following provisions shall apply to the termination of the license provided herein: (i) in the case of a termination of the license to use the globe element of the Continental Marks, Contractor shall cease all use of the globe element of the Continental Marks with respect to each Covered Aircraft within 90 days of such aircraft being withdrawn from the capacity purchase provisions of the Agreement, and shall cease all use of the globe element of the Continental Marks in all other respects within 90 days of last Covered Aircraft becoming an Uncovered Aircraft (unless this Agreement is terminated for Cause or pursuant to Section 9.03(b) or the first sentence of Section 9.03(c), in which case Contractor shall cease all use of the globe element of the Continental Marks

Exhibit G-2

within 45 days of the Termination Date); (ii) in the case of a termination of the license to use any other Continental Marks and Identification, Contractor shall cease all use of such other Continental Marks and Identification within 45 days of the termination of the license for such other Continental Marks and other Identification. Within such specified period, Contractor shall change its facilities, equipment, uniforms and supplies to avoid any customer confusion or the appearance that Contractor is continuing to have an operating relationship with Continental, and Contractor shall not thereafter make use of any word, words, term, design, name or mark confusingly similar with the Continental Marks or other Identification so that any such word, words, term, design, name or mark would present a likelihood of confusion or otherwise suggest a continuing relationship between Contractor and Continental.

6. Assignment. The non-exclusive license granted by Continental to Contractor is personal to Contractor and may not be assigned, sub-licensed or transferred by Contractor in any manner without the written consent of a duly authorized representative of Continental.

7. Continental Marks. The Continental Marks are as follows:

CONTINENTAL EXPRESS

CONTINENTAL EXPRESS'S LOGO (DESIGN) IN COLOR

CONTINENTAL EXPRESS'S LOGO (DESIGN) IN BLACK & WHITE

[LOGO]

8. Aircraft Livery. The aircraft livery shall be as follows, unless otherwise directed by Continental: The colors blue, gray, white and gold are used on the aircraft. The color white appears on the top approximate 2/3 of the body of the aircraft; the color gray appears below the color white on the remainder of the bottom portion of the body of the aircraft; the color gold is used as a stripe or band dividing the white and gray colors. The tail of the aircraft is primarily blue with a logo design in a gold and white combination and the trade name is written in blue on the white portion of the body of the aircraft. The color blue is the dominant aircraft interior color.

9. Survival. The provisions of this Exhibit G shall survive the termination of this Agreement for a period of six years.

EXHIBIT H

USE OF CONTRACTOR MARKS

1. Grant. Contractor hereby grants to Continental, and Continental accepts, a non-exclusive, personal, non-transferable, royalty-free right and license to adopt and use the Contractor Marks (as defined below) in connection with Continental's entering into this Agreement, subject to the conditions and restrictions set forth herein.

2. Ownership of the Contractor Marks.

a. Contractor shall at all times remain the owner of the Contractor Marks and any registrations thereof and Continental's use of any Contractor Marks shall clearly identify Contractor as the owner of such marks (to the extent practical) to protect Contractor's interest therein.

b. Continental acknowledges Contractor's ownership of the Contractor Marks and further acknowledges the validity of the Contractor Marks. Continental agrees that it will not do anything that in any way infringes or abridges Contractor's rights in the Contractor Marks or directly or indirectly challenges the validity of the Contractor Marks.

3. Use of the Contractor Marks.

a. Continental shall use the Contractor Marks only as authorized herein by Contractor and in accordance with such standards of quality as Contractor may establish.

b. Continental shall use the Contractor Marks as necessary or appropriate in Continental's sole discretion in connection with the Regional Airline Services, including without limitation the sale or disposition by Continental of the seat inventory of the Scheduled Flights.

c. Continental shall not use the Contractor Marks for any purpose other than as set forth in this Exhibit H, and specifically shall have no right to use the Contractor Marks in connection with any other operations of Continental.

d. Contractor may change the Contractor Marks at any time and from time to time (including by adding or deleting marks from the list specified in this Exhibit H), in which case Continental shall as soon as practicable make such changes as are requested by Contractor to utilize the new Contractor Marks; provided that Contractor shall either pay directly the reasonable costs of making such changes to the Contractor Marks or shall promptly reimburse Continental for its reasonable expenses incurred in making such changes.

Exhibit H-1

e. Nothing shall abridge Contractor's right to use and/or to license the Contractor Marks, and Contractor reserves the

right to the continued use of all the Contractor Marks, to license such other uses of the Contractor Marks and to enter into such agreements with other carriers providing for arrangements similar to those with Continental as Contractor may desire. No term or provision of this Agreement shall be construed to preclude the use of the Contractor Marks by other persons or for other similar uses not covered by this Agreement.

4. Contractor-Controlled Litigation. Contractor at its sole expense shall take all steps that in its opinion and sole discretion are necessary and desirable to protect the Contractor Marks against any infringement or dilution. Continental agrees to cooperate fully with Contractor in the defense and protection of the Contractor Marks as reasonably requested by Contractor. Continental shall report to Contractor any infringement or imitation of, or challenge to, the Contractor Marks, immediately upon becoming aware of same. Continental shall not be entitled to bring, or compel Contractor to bring, an action or other legal proceedings on account of any infringements, imitations, or challenges to any element of the Contractor Marks without the written agreement of Contractor. Contractor shall not be liable for any loss, cost, damage or expense suffered or incurred by Continental because of the failure or inability to take or consent to the taking of any action on account of any such infringements, imitations or challenges or because of the failure of any such action or proceeding. If Contractor shall commence any action or legal proceeding on account of such infringements, imitations or challenges, Continental agrees to provide all reasonable assistance requested by Contractor in preparing for and prosecuting the same.

5. Revocation of License. Contractor shall have the right to cancel the license provided herein in whole or in part at any time and for any reason, in which event all terminated rights to use the Contractor Marks provided Continental herein shall revert to Contractor and shall not be used by Continental in connection with any operations of Continental. Continental shall cease all use of the Contractor Marks in all respects upon the last Covered Aircraft becoming an Uncovered Aircraft. Continental shall not thereafter make use of any word, words, term, design, name or mark confusingly similar with the Contractor Marks so that any such word, words, term, design, name or mark would present a likelihood of confusion or otherwise suggest a continuing relationship between Continental and Contractor.

6. Assignment. The non-exclusive license granted by Contractor to Continental is personal to Continental and may not be assigned, sub-licensed or transferred by Continental in any manner without the written consent of a duly authorized representative of Contractor.

Exhibit H-2

7. Contractor Marks. The Contractor Marks are as follows: XJT.
8.

8. Survival. The provisions of this Exhibit H shall survive the termination of this Agreement for a period of six years.

Exhibit H-3

CATERING STANDARDS

Station Services

- o Contractor will provide caterer oversight at Contractor Airports that are non-Chelsea Catering locations. Continental will provide caterer oversight at Continental Airports that are non-Chelsea Catering locations.
- o At Contractor Airports without contract catering, Contractor will provide supplies and beverage uplift as necessary and will remove, store and re-board perishable supply and beverage items on RON/originating flights. At Continental Airports without contract catering, Continental will provide supplies and beverage uplift as necessary and will remove, store and re-board perishable supply and beverage items on RON/originating flights.
- o Contractor will provide meal ordering services at Contractor Airports that are non-Chelsea Catering locations or where catering is downlined by Chelsea Catering. Continental will provide meal ordering services at Continental Airports that are non-Chelsea Catering locations or where catering is downlined by Chelsea Catering.
- o Contractor will provide trained catering truck guide person for all Contractor Airports that are Chelsea Catering locations to assist with backing off the aircraft. Continental will provide trained catering truck guide person for all Continental Airports that are Chelsea Catering locations to assist with backing off the aircraft.
- o Contractor will coordinate and communicate with Chelsea Catering regarding all flight activity, cancellations and irregular operations providing necessary information in a timely manner.

Onboard Services

- o Continental has right to determine meal/beverage service parameters and scheduling for Scheduled Flights.
- o Continental has right to conduct onboard service audits on Scheduled Flights to ensure service standards are being met.
- o Contractor flight attendants providing Regional Airline Services will be trained on meal and beverage service procedures, including liquor and duty-free sales and cash handling, and will collect all on-board revenue for liquor and duty-free sales.
- o Contractor will provide sufficient galley service ship's equipment to operate, such as hot jugs, coffee makers and trash bins.

Exhibit I-1

EXHIBIT J

TICKET HANDLING TERMS

1. Passenger Ticket Stock and Accounting Procedures. Continental will provide Contractor with Continental passenger ticket stock in accordance with the following procedures:

- A. Continental will supply Contractor with adequate supplies of all necessary passenger ticket forms, bag tags, boarding passes, validator plates and other documents and materials necessary to enable Contractor to operate in a manner consistent with Continental procedures, upon request to the office designated by Continental from time to time. A receipt for all ticket forms delivered to Contractor shall be signed by an appropriate representative of Contractor, and Contractor shall comply with Continental's procedures with respect to the control of, safeguarding of and accounting for ticket stock and validator plates. All tickets and other documents and materials supplied by Continental for use in connection with the Agreement shall be and remain the property of Continental and shall be held in trust for Continental by Contractor and issued or otherwise utilized only as

provided in the Agreement.

B. Contractor shall be responsible for the safe and secure custody and care of all tickets and other documents and materials furnished by Continental. The tickets and other documents of Continental shall be secured in a manner satisfactory to Continental and consistent with any applicable IATA standards and specifications. Such tickets and documents and all records relating to them and to the sale of transportation on Continental shall at all times be made available for inspection by Continental or its designated representative.

C. All tickets shall be issued by Contractor in accordance with the currently effective tariffs and contract of carriage applicable to the transportation being purchased and applicable trade manuals, all in accordance with appropriate instructions, which may be issued from time to time by Continental.

D. All tickets shall be issued by Contractor in numerical sequence and all must be accounted for at each reporting period. All auditors' coupons for tickets issued by Contractor and all coupons of voided tickets shall be sent to the office or offices designated by Continental from time to time on the workday following issuance.

E. All checks accepted for the sale of tickets on Continental ticket stock shall be payable to Continental and acceptance of checks shall conform to Continental's acceptance procedures. Any losses resulting from returned checks where Contractor has failed to follow Continental's acceptance procedures, will be charged to Contractor after Continental exhausts reasonable efforts to collect.

Exhibit J-1

F. All tickets issued for a form of payment other than cash or check shall be supported by such documents as shall be specified by Continental.

G. Contractor shall assume full liability for and agrees to defend, indemnify and hold Continental harmless from and against any and all claims, demands, liability, expenses, losses, costs or damages whatsoever in any manner arising out of or attributed to Contractor's possession, issuance, loss, misapplication, theft, or forgery of tickets, other travel documents, or supplies furnished by Continental to Contractor including but not limited to lost ticket forms, bag tags, boarding passes or other documents and errors in ticket issuance. In the event Contractor loses or has stolen any ticket, fails to return tickets or other documents to Continental upon demand, fails to remit pursuant to the Agreement the monies to which Continental is entitled from the sale of any such ticket or document, or fails to account properly for any such tickets or document, Contractor shall be liable to Continental for the agreed value of any such ticket or document, which is agreed to be the actual damages or loss sustained by Continental from usage of any such ticket or document, as measured by the then current, non-discounted retail price of the transportation or other service obtained with the ticket or document or, if such value cannot be determined, US \$2,000.00 per ticket.

H. Contractor may accept all credit cards honored by Continental and is appointed Continental's agent for such purpose, provided:

(i) Contractor observes the floor limits for each credit card set by the issuer of the credit card (the "Card

Issuer") as amended by the Card Issuer from time to time;

- (ii) Contractor accepts each credit card within the terms of the contracts between Continental and Card Issuer;
- (iii) Contractor complies with 14 CFR, Part 374;
- (iv) Contractor does not accept blacklisted cards;
- (v) Contractor shall reimburse Continental for any losses incurred by Continental as a result of Contractor's failure to observe the terms of this section or of the contracts between Continental and the Card Issuer;
- (vi) Contractor complies with all of Continental's established procedures relating to credit cards; and
- (vii) For tickets that are not for transportation on Scheduled Flights, Contractor shall reimburse Continental for all charge backs, returns and other direct charges attributable to or arising from Contractor's

Exhibit J-2

acceptance of credit cards, unless either (a) Continental has realized an offsetting credit (including through the return and cancellation of a previously issued ticket) or (b) such charge back, return or other charge resulted from the gross negligence, recklessness, or willful misconduct of Continental.

I. Contractor shall prepare and furnish to Continental all written reports, accounts, and documentation with regard to ticket handling that Continental may require daily or at such lesser frequency as Continental may prescribe, at its sole discretion, from time to time during the life of the Agreement. Contractor will comply with all reasonable procedures specified by Continental with regard to ticket handling.

J. Within two business days after the termination of the Agreement for any reason, Contractor will return to Continental all passenger ticket forms, bag tags, boarding passes and other documents provided to Contractor by Continental pursuant to the Agreement.

2. Deposits. Contractor shall deposit all funds, both cash and checks, realized from the sale of tickets on Continental ticket stock by it in Continental accounts maintained at depositories from time to time designated by Continental on or before the first banking day following receipt of such funds.

3. Ticket Acceptance. For the term of the Agreement, Continental hereby authorizes Contractor to accept flight coupons written for CO* Flights in accordance with any applicable restrictions. Contractor shall not endorse or refund any such coupons without Continental's written consent, except in accordance with Continental's contract of carriage.

Exhibit J-3

Supplemental Agreement No. 9

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 June 25, 2002, 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 777-200ER Aircraft, (the Aircraft); and

WHEREAS, Boeing and Customer have mutually agreed to the Rescheduling of certain Aircraft as described in Letter Agreement 6-1162-CHL-048 executed February 8, 2002 (Rescheduled Aircraft Agreement) and the effects of such changes upon the Purchase Agreement are incorporated herein; and

WHEREAS, Boeing and Customer have mutually agreed to revise the Engine Pricing and Escalation terms to reflect actual engine pricing methodology used with March 2002 and April 2002 Aircraft; and

WHEREAS, Boeing and Customer have mutually agreed to revise the delivery positions for the 777-200ER Option Aircraft pursuant to the Rescheduled Aircraft Agreement; 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, Table and Exhibit:

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. 9.

1.2 Remove and replace, in its entirety, "Table 2, Aircraft Delivery, Description, Price and Advance Payments" with revised Table 2 attached hereto, to reflect the engine price paid for March 2002 and April 2002 Aircraft.

1.3 Remove and replace in its entirety, Supplemental Exhibit EE2, "Engine Escalation, Engine Warranty and Patent Indemnity," with revised Exhibit EE2 attached hereto, which incorporates the engine price escalation methodology used for March 2002 and April 2002 Aircraft.

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 2061-1R5 "Option Aircraft", with the revised Letter Agreement 2061-1R6 attached hereto, to reflect **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**.

2.2 Add Letter Agreement 6-1162-CHL-048, "Rescheduled Aircraft Agreement" executed February 8, 2002 which describes 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/ Charles H. Leach By: /s/ Gerald Laderman

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

Finance and Treasurer

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ARTICLES Revised By:

1. Quantity, Model and Description SA No. 7
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TABLE

1. Aircraft Information Table 1 SA No. 5
2. Aircraft Information Table 2 SA No. 9

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- 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
- EE2. Engine Escalation/Engine Warranty and Patent Indemnity SA No. 9

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

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

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6-1162-GOC-088 Promotion Support

6-1162-GOC-089R1 Special Matters SA No. 3

6-1162-GOC-172 Additional Matters SA No. 1

6-1162-CHL-048 Rescheduled Aircraft Agreement SA No. 9

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

Supplemental Agreement No. 6 May 14, 1999

Supplemental Agreement No. 7 October 31, 2000

Supplemental Agreement No. 8 June 29, 2001

Supplemental Agreement No. 9 June 25, 2002

Table 2

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]

ENGINE ESCALATION,

ENGINE WARRANTY AND PATENT INDEMNITY

between
THE BOEING COMPANY
and
CONTINENTAL AIRLINES, INC.

Supplemental Exhibit EE2 to Purchase Agreement Number 2061

ENGINE ESCALATION,
ENGINE WARRANTY AND PATENT INDEMNITY

relating to
BOEING MODEL 777-200ER AIRCRAFT

1. ENGINE ESCALATION.

(a) The Aircraft Basic Price of each Aircraft set forth in Table 2 of the Purchase Agreement includes an aggregate price for GE90 engines and all accessories, equipment and parts provided by the engine manufacturer. The adjustment in Engine Price applicable to each Aircraft (Engine Price Adjustment) will be determined at the time of Aircraft delivery in accordance with the following formula:

$$D3 = D1 + D2$$

Where:

D1 and D2 are calculated pursuant to the formulas described respectively in subsections 1 (b) and 1 (c) below;
and

The Engine Price Adjustment (D1 + D2) will not be made if it would result in a decrease in the Engine Price.

(b) $D1 = ((P \times (\underline{CPI})) - P$

CPI_{b-1}

Where:

D1 = Engine Price Adjustment (per Aircraft) through November 2001.

P = Engine Base Price (per Aircraft), as set forth in Table 2 of the Purchase Agreement.

CPI_{b-1} = The Composite Price Index which is a value determined using the Bureau of Labor Statistics, U.S. Department of Labor actual data in accordance with the formula below. The Index values utilized in the formula will be the numbers shown in the actual data for the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** month prior to the month of scheduled Aircraft delivery or the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** month prior to the Base Year Dollars month set forth in Table 2.

$$CPI = L + M1 + M2 + M3 \text{ (rounded to the nearest hundredth)}$$

L = A value determined using the U.S. Department of Labor, Bureau of Labor Statistics **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** published as Final prior to June 1, 2001. This value will be equal to the quotient, rounded to the nearest thousandth, of the value associated with a November 2001 Aircraft Delivery Month divided by the value associated with the base Year Dollar month in **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** multiplied by 100, then by **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**% and rounded to the nearest hundredth.

M1 = The Industrial Commodities Index, which will be rounded to the nearest hundredth, will be equal to **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE**

SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] associated with a November 2001 delivery month.

M2 = The Metals and Metals Products Index, which will be rounded to the nearest hundredth, will be equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] associated with a November 2001 delivery month.

M3 = The Fuel Index, which will be rounded to the nearest hundredth, will be equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] associated with a November 2001 delivery month

$$(c) D2 = ((Rp_{-1} \times (CPI_{b-2})) - Rp_{-1})$$

CPI_{b-2}

Where:

D2 = Engine Price Adjustment (per Aircraft) from November 2001 through the month of scheduled Aircraft delivery.

$$Rp_{-1} = P + D1$$

CPI_{b-2} = [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], which is the November 2001 Base Index resulting from the process described below.

$$CPI_{b-2} = L_{-2} + M1_{-2} + M2_{-2} + M3_{-2} \text{ (rounded to the nearest hundredth)}$$

L_{-2} = A value from the U.S. Department of Labor, Bureau of Labor Statistics [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], associated with the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] month prior to the month of scheduled Aircraft delivery, multiplied by [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% and rounded to the nearest hundredth.

$M1_{-2}$ = The Industrial Commodities Index, which will be rounded to the nearest hundredth, will be equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] associated with the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] month prior to the month of scheduled Aircraft delivery.

$M2_{-2}$ = The Metals and Metals Products Index, which will be rounded to the nearest hundredth, will be equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] associated with the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] month prior to the month of scheduled Aircraft delivery.

$M3_{-2}$ = The Fuel Index, which will be rounded to the nearest hundredth, will be equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]% of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] associated with the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE

(d) The values of the Employment Cost Index Wages & Salaries and Producer Price indices used to determine D2 will be those published by the Bureau of Labor Statistics, U.S. Department of Labor as of a date 30 days prior to the first day of the of the scheduled Aircraft delivery month to Customer. As the Employment Cost Index values are only released on a quarterly basis, the value released for the month of March will be used for the months of January and February; the value for June used for April and May; the value for September used for July and August; and the value for December used for October and November. Such values will be considered final and no Engine Price Adjustment will be made after Aircraft delivery for any subsequent changes in published index values.

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

NOTE: The factor (CPI divided by the base year index) by which the Engine Base Price is to be multiplied or the factor (CPI₂ divided by CPI_{b-2}) by which the rebase price (Rp₁) is to be multiplied, will be expressed as a decimal and rounded to the nearest thousandth. Any rounding of a number, as required under this Supplemental Exhibit EE2 with respect to escalation of the Engine price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

2. ENGINE WARRANTY AND PRODUCT SUPPORT PLAN.

Boeing has obtained from GE the right to extend to Customer the provisions of GE's warranty as set forth below (herein referred to as the "Warranty"); subject, however, to Customer's acceptance of the conditions set forth herein. Accordingly, Boeing hereby extends to Customer and Customer hereby accepts the provisions of GE's Warranty as hereinafter set forth, and such Warranty shall apply to all GE90 type Engines (including all Modules and Parts thereof) installed in the Aircraft at the time of delivery or purchased from Boeing by Customer for support of the Aircraft except that, if Customer and GE have executed, or hereafter execute, a General Terms Agreement covering the Engines, then the terms of that Agreement shall be substituted for and supersede the provisions of paragraphs 1 through 11 below and paragraphs 1 through 11 below shall be of no force or effect and neither Boeing nor GE shall have any obligation arising therefrom. In consideration for Boeing's extension of the GE Warranty to Customer, Customer hereby releases and discharges Boeing from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such GE90 type Engines and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]. In addition, Customer hereby releases and discharges GE from any and all claims, obligations and liabilities whatsoever arising out of the purchase or use of such GE90 type Engines except as otherwise expressly assumed by GE in such GE Warranty or General Terms Agreement between Customer and GE and Customer hereby waives, releases and renounces all its rights in all such claims, obligations and liabilities.

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

GE90 Warranty Parts List*

*Warranty Parts List may change				
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June 25, 2002

2061-1R6

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 777-200ER 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 2061-1R5 dated June 29, 2001.

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

i. 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 June, 2007, will be escalated on the same basis as the Aircraft.

The engine manufacturer's current escalation provisions, are not listed in this Purchase Agreement. The engine escalation provisions will be revised to reflect the engine manufacturer's current escalation provisions at signing of the 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 June, 2007, 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 777-200ER aircraft and engines for delivery from June, 2007 and thereafter. When prices and the pricing bases are established for the Model 777-200ER aircraft delivering from June, 2007 and thereafter, the information listed in the Attachment will be appropriately amended.

3. Payment.

3.1 Customer has paid a deposit to Boeing in the amount shown in the Attachment opposite the caption "Non-Refundable Deposit per Aircraft" for each Option Aircraft (the Option Deposit), prior to the date of this Letter Agreement. If Customer exercises an option, the Option Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Option Deposit for that Option Aircraft.

3.2 Following option exercise, advance payments in the amounts and at the times listed in the Attachment in the columns under the caption "Advance Payment Per Aircraft" 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 if Customer exercises its option to acquire such Option Aircraft, including the terms and conditions contained in this Letter Agreement, in the Purchase Agreement, and other terms and conditions as may be agreed upon to add the Option Aircraft to the Purchase Agreement as an Aircraft. If the parties have not entered into a definitive agreement within 30 days following option exercise, either party may terminate the purchase of such Option Aircraft by giving written notice to the other within 5 days.

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Very truly yours,

THE BOEING COMPANY

By /s/ Charles H. Leach

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 25 , 2002

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Attachment

Attachment to
Letter Agreement 2061-1R6 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]