UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q/A-1

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2000

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM __________ TO __________

Commission File Number 0-9781

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware	74-2099724
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1600 Smith Street, Dept. HQSEO

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

713-324-2950

(Registrant's telephone number, including area code)

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

____

As of October 6, 2000, 10,966,938 shares of Class A common stock and 47,397,247 shares of Class B common stock were outstanding.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements is amended and restated in its entirety as follows:

CONTINENTAL AIRLINES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Operating Revenue:				
Passenger	$2,469	$2,132	$7,030	$6,106
Cargo and mail	93	76	266	213
Other	60	56	174	168
	2,622	2,264	7,470	6,487
Operating Expenses:				
Wages, salaries and related costs	740	644	2,117	1,882
Aircraft fuel	363	208	1,026	512
Aircraft rentals	215	197	631	570
Maintenance, materials and repairs	167	156	497	454
Commissions	138	154	412	439
Landing fees and other rentals	133	130	400	365
Reservations and sales	117	107	352	314
Depreciation and amortization	102	93	295	266
Other	393	373	1,153	1,083
	2,368	2,062	6,883	5,885
Operating Income	254	202	587	602
Nonoperating Income (Expense):				
Interest expense	(60)	(58)	(187)	(168)
Interest capitalized	15	13	42	42
Interest income	22	16	65	46
Other, net	(7)	(6)	(10)	3
	(30)	(35)	(90)	(77)

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CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Income before Income Taxes, Cumulative Effect of Accounting Changes and Extraordinary Charge	$ 224	$ 167	$497	$ 525
Income Tax Provision	(87)	(63)	(193)	(204)
Income before Cumulative Effect of Accounting Changes and Extra-ordinary Charge	137	104	304	321
Cumulative Effect of Accounting Changes, Net of Applicable Income Taxes of $19	-	-	-	(33)
Extraordinary Charge, Net of Applicable Income Taxes of $1 and $3, respectively	(2)	-	(6)	-
Net Income	$ 135	$ 104	$ 298	$ 288

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CONTINENTAL AIRLINES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Earnings per Common Share:				
Income Before Cumulative Effect of Accounting Changes and Extraordinary Charge	$ 2.29	$ 1.47	$ 4.95	$ 4.58
Cumulative Effect of Accounting Changes, net of tax	-	-	-	(0.47)
Extraordinary Charge, net of tax	(0.03)	-	(0.10)	-
Net Income	$ 2.26	$ 1.47	$ 4.85	$ 4.11
Earnings per Common Share Assuming Dilution:				
Income Before Cumulative Effect of Accounting Changes and Extraordinary Charge	$ 2.24	$ 1.44	$ 4.85	$ 4.29
Cumulative Effect of Accounting Changes, net of tax	-	-	-	(0.43)
Extraordinary Charge, net of tax	(0.03)	-	(0.09)	-
Net Income	$ 2.21	$ 1.44	$ 4.76	$ 3.86

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	September 30, 2000 (Unaudited)	December 31, 1999
Current Assets:		
Cash and cash equivalents	$ 1,156	$ 1,198
Short-term investments	-	392
Accounts receivable, net	600	506
Spare parts and supplies, net	264	236
Deferred income taxes	142	145
Prepayments and other	187	129
Total current assets	2,349	2,606
Property and Equipment:		
Owned property and equipment:		
Flight equipment	4,107	3,593
Other	985	814
	5,092	4,407
Less: Accumulated depreciation	1,011	808
	4,081	3,599

Purchase deposits for flight equipment	453	366
Capital leases:		
Flight equipment	225	300
Other	85	88
	310	388
Less: Accumulated amortization	160	180
	150	208
Total property and equipment	4,684	4,173
Other Assets:		
Routes, gates and slots, net	1,093	1,131
Other assets, net	333	313
Total other assets	1,426	1,444
Total Assets	$ 8,459	$ 8,223

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CONTINENTAL AIRLINES, INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except for share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 2000	December 31, 1999
	(Unaudited)	
Current Liabilities:		
Current maturities of long-term debt	$ 257	$ 278
Current maturities of capital leases	24	43
Accounts payable	996	856
Air traffic liability	1,241	1,042
Accrued payroll and pensions	234	299
Accrued other liabilities	256	257
Total current liabilities	3,008	2,775
Long-Term Debt	2,738	2,855

Capital Leases	166	200
Deferred Credits and Other Long-Term Liabilities:		
Deferred income taxes	778	590
Other	208	210
Total deferred credits and other long-term liabilities	986	800
Commitments and Contingencies		
Common Stockholders' Equity:		
Class A common stock - $.01 par, 50,000,000 shares authorized; 10,969,438 and 11,320,849 shares issued and outstanding in 2000 and 1999, respectively	-	-
Class B common stock - $.01 par, 200,000,000 shares authorized; 64,073,431 issued in 2000 and 63,923,431 issued in 1999	1	1
Additional paid-in capital	814	871
Retained earnings	1,411	1,114
Accumulated other comprehensive income (loss)	20	(1)
Treasury stock - 16,518,584 and 9,763,684 Class B shares in 2000 and 1999, respectively, at cost	(685)	(392)
Total common stockholders' equity	1,561	1,593
Total Liabilities and Stockholders' Equity	$ 8,459	$ 8,223

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

CONTINENTAL AIRLINES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Nine Months Ended September 30,	
	2000	1999
	(Unaudited)	
Net cash provided by operating activities	$ 836	$ 679

Cash Flows from Investing Activities:		
Purchase deposits paid in connection with future aircraft deliveries, net of refunds	(94)	(135)
Capital expenditures	(352)	(513)
Proceeds from sale (purchase) of short-term investments	392	(155)
Proceeds from sale of investments	-	20
Other	19	25
Net cash used by investing activities	(35)	(758)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net	153	369
Payments on long-term debt and capital lease obligations	(648)	(243)
Purchase of Class B common stock	(431)	(344)
Proceeds from issuance of Class B common stock	80	29
Other	3	14
Net cash used by financing activities	(843)	(175)
Net Decrease in Cash and Cash Equivalents	(42)	(254)
Cash and Cash Equivalents - Beginning of Period	1,198	1,399
Cash and Cash Equivalents - End of Period	$1,156	$1,145
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	$ 315	$ 673
Conversion of trust originated preferred securities	$ -	$ 111
Conversion of 6-3/4% Convertible Subordinated Notes	$ -	$ 230

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

CONTINENTAL AIRLINES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In the opinion of management, the unaudited consolidated financial statements included herein contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Such adjustments are of a normal, recurring nature. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in the Annual Report of Continental Airlines, Inc. (the "Company" or "Continental") on Form 10-K for the year ended December 31, 1999 (the "1999 10-K").

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

NOTE 1 - EARNINGS PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Numerator for basic earnings per share - net income	$135	$104	$298	$288
Effect of dilutive securities:				
6-3/4% convertible subordinated notes	-	-	-	4
Numerator for diluted earnings per share - net income after assumed conversions	$135	$104	$298	$292
Denominator for basic earnings per share - weighted-average shares	59.7	70.8	61.3	70.1
Effect of dilutive securities:				
Employee stock options	1.4	1.3	1.2	1.4
Preferred Securities of Trust	-	-	-	0.1
6-3/4% convertible subordinated notes	-	-	-	3.9
Dilutive potential common shares	1.4	1.3	1.2	5.4
Denominator for diluted earnings per share - adjusted weighted-average and assumed conversions	61.1	72.1	62.5	75.5

NOTE 2 - COMPREHENSIVE INCOME

The Company includes unrealized gains and losses on available-for-sale securities, changes in minimum pension liabilities and changes in the fair value of derivative financial instruments, which qualify for hedge accounting in other comprehensive income. During the third quarter of 2000 and 1999, total comprehensive income amounted to $123 million and $103 million, respectively. For the nine months ended 2000 and 1999, total comprehensive income amounted to $319 million and $305 million, respectively. The significant difference between net income and total comprehensive income for all periods was primarily attributable to changes in the fair value of derivative financial instruments.

NOTE 3 - CUMULATIVE EFFECT OF ACCOUNTING CHANGES AND

EXTRAORDINARY CHARGE

Frequent Flyer Program. The Company sells mileage credits in its frequent flyer program ("OnePass") to participating partners, such as hotels, car rental agencies and credit card companies. During 1999, as a result of Staff Accounting Bulletin No. 101 - "Revenue Recognition in Financial Statements," the Company changed the method it uses to account for the sale of these mileage credits. This change, which totaled $27 million, net of tax, was applied retroactively to January 1, 1999. Under the new accounting method, revenue from the sale of mileage credits is deferred and recognized when transportation is provided. Previously, the resulting revenue, net of the incremental cost of providing future air travel, was recorded in the period in which the credits were sold. This change reduced net income for the three months and nine months ended September 30, 1999 by $6 million ($10 million pre-tax) and $16 million ($26 million pre-tax), respectively. The quarterly information for 1999 presented herein reflects this change.

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

Extraordinary Charge. During 2000, Continental repurchased or redeemed the remaining $242 million of its 9-1/2% senior unsecured notes, in addition to the early extinguishment of other debt, resulting in a $2 million and $6 million extraordinary charge (net of income tax benefit) for early debt repayment for the three months and nine months ended September 30, 2000, respectively.

NOTE 4 - AIRCRAFT PURCHASE COMMITMENTS

As shown in the following table, Continental's aircraft fleet consisted of 367 jets, 91 regional jets and 77 turboprop aircraft at September 30, 2000. Continental's purchase commitments as of September 30, 2000 are also shown below.

Aircraft Type	Total Aircraft	Owned	Leased	Firm Orders	Options
777-200	16	4	12	2	7
767-400ER	2	2	-	22	-
767-200ER	-	-	-	10	11
757-200	41	13	28	-	-
737-900	-	-	-	15	15
737-800	53	15	38	29	35
737-700	36	12	24	-	31
737-500	66	15	51	-	-
737-300	65	14	51	-	-
DC10-30	23	6	17	-	-
MD-80	65	17	48	-	-
	367	98	269	78	99
ERJ-145XR	-	-	-	75	100
ERJ-145	76	-	76	73	-

ERJ-135	15	-	15	35	-
	91	-	91	183	100
ATR-72	2	2	-		
ATR-42-320	31	9	22		
EMB-120	22	12	10		
Beech 1900-D	22	-	22		
	77	23	54		
Total	535	121	414		

The Company anticipates taking delivery of 28 Boeing jet aircraft in 2000 (18 of which were placed in service during the first nine months of 2000) and the remainder of its firm orders through November 2005.

In October 2000, the Company announced an order for 15 new Boeing 757-300 aircraft. The first delivery is expected in late 2001 with deliveries continuing through 2003.

During 2000, the Company's wholly owned subsidiary, Continental Express, Inc. ("Express") anticipates taking delivery of 22 Embraer ERJ-145 ("ERJ-145") regional jets (20 of which were placed in service in the first nine months of 2000) and 12 Embraer ERJ-135 ("ERJ-135") regional jets (nine of which were placed in service in the first nine months of 2000) and the remainder of its firm orders through the first quarter of 2005.

As of September 30, 2000, the estimated aggregate cost of the Company's firm orders for Boeing aircraft is approximately $4.1 billion. Continental currently plans to finance its new Boeing aircraft with a combination of enhanced pass through trust certificates, lease equity and other third-party financing, subject to availability and market conditions. As of September 30, 2000, Continental had approximately $316 million in financing arranged for such future Boeing deliveries. Continental also has commitments or letters of intent for backstop financing for approximately 19% of the anticipated remaining acquisition cost of such Boeing deliveries. In addition, at September 30, 2000, Continental had firm commitments to purchase 28 spare engines related to the new Boeing aircraft for approximately $189 million, which will be deliverable through March 2005. Further financing will be needed to satisfy the Company's capital commitments for aircraft and aircraft-related expenditures such as engines, spare parts, simulators and related items. There can be no assurance that sufficient financing will be available for all aircraft and other capital expenditures not covered by firm financing commitments. Deliveries of new Boeing aircraft are expected to continue to increase aircraft rental, depreciation and interest costs while generating cost savings in the areas of maintenance, fuel and pilot training.

As of September 30, 2000, the estimated aggregate cost of Express's firm orders for ERJ-145 and ERJ-135 aircraft is approximately $2.8 billion. Embraer has agreed to arrange lease financing by third parties of the firm ERJ-145 and ERJ-135 aircraft to be delivered to Express, subject to Express's option to purchase ERJ-135 aircraft. In the fourth quarter of 2000, Continental expects to purchase 18 ERJ-145 aircraft which are currently being leased.

NOTE 5 - LONG-TERM DEBT

Long-term debt is summarized as follows (in millions):

	September 30, 2000	December 31, 1999
Secured		
Notes payable, interest rates of 5.00% to 8.50%, payable through 2019	$2,052	$1,817
Floating rate notes, interest rates of LIBOR plus 0.65% to 1.00%, Eurodollar plus 1.00%, or Commercial Paper plus 0.45% to 0.60%, payable through 2012	357	241

Term loan, floating interest rate of LIBOR or Eurodollar plus 1.00%, payable through 2002	150	215
Term loan, floating interest rate of LIBOR or Eurodollar plus 1.25%, payable through 2004	72	74
Notes payable, interest rates of 8.49% to 9.46%, payable through 2008	40	51
Revolving credit facility, floating interest rates of LIBOR or Eurodollar plus 1.38%, payable through 2001	-	160
Unsecured		
Senior notes payable, interest rate of 8.00%, payable through 2005	200	200
Notes payable, interest rate of 8.13%, payable through 2008	112	112
Senior notes payable, 9.50%, payable through 2001	-	242
Other	12	21
	2,995	3,133
Less: current maturities	257	278
Total long-term debt	$2,738	$2,855

In March 2000, the Company completed an offering of $743 million of pass-through certificates to be used to finance (through either leveraged leases or secured debt financings) the debt portion of the acquisition cost of 21 Boeing aircraft.

During 2000, Continental repurchased or redeemed the remaining $242 million of its 9-1/2% senior unsecured notes. The Company also prepaid its $160 million revolving credit facility, in addition to the early extinguishment of other debt. See Note 3.

The term loans are secured by the stock and substantially all the assets (other than aircraft subject to other financing arrangements) of Continental Micronesia, Inc., a wholly owned subsidiary of the Company.

Due to the cost of the facility, the lack of prior use and Continental's significant cash position, the Company did not renew its $225 million unused revolving credit facility which expired June 30, 2000.

Maturities of long-term debt due over the next five years are as follows (in millions):

Year ending September 30,	
2001	$257
2002	264
2003	180
2004	287
2005	226

2003 226

NOTE 6 - REGULATORY MATTERS

The Federal Aviation Administration has designated John F. Kennedy International Airport ("Kennedy") and LaGuardia Airport ("LaGuardia") in New York, O'Hare International Airport in Chicago ("O'Hare") and Ronald Reagan Washington National Airport in Washington, D.C. ("Reagan National") as "high density traffic airports" and has limited the number of departure and arrival slots at those airports. In April 2000, legislation was signed eliminating slot restrictions beginning in 2001 at O'Hare and in 2007 at LaGuardia and Kennedy. As a result of the passage of this legislation, the Company performed an evaluation of the slots to determine, in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121"), whether future cash flows expected to result from the use of the slots will be less than the aggregate carrying amount of these slots. As a result of the evaluation, management determined that the estimated future cash flows expected to be generated by the slots will be more than their carrying value, and therefore, these slots are not impaired. At September 30, 2000, the net carrying value of the Company's slots at O'Hare and LaGuardia was $49 million and $11 million, respectively. The Company has no slots at Kennedy.

NOTE 7 - OTHER

On September 12, 2000, the Company's Board of Directors increased the size of its common stock repurchase program by the amount of cash proceeds received by the Company for the purchase of common stock by employees and other participants under the Company's employee stock purchase and stock option plans after January 1, 2000. The program also permits the expenditure of one half of future net income, plus all the proceeds from the sale of non-strategic assets, to repurchase common stock. As of September 30, 2000, the Company had approximately $265 million remaining in its stock repurchase program.

The Company holds a membership interest in The SITA Foundation ("SITA"), an organization which provides data communication services to the airline industry. SITA's primary asset is its ownership in Equant N.V. ("Equant"). In February 1999, SITA sold a portion of its interest in Equant in a secondary public offering and distributed the proceeds pro rata to certain of its members (including Continental) that elected to participate in the offering. Continental recorded a gain of $20 million ($12 million after tax) related to this transaction. The gain is included in other nonoperating income (expense) in the accompanying consolidated statement of operations for the nine months ended September 30, 1999. As of September 30, 2000, Continental owned depository certificates with respect to 356,873 shares of Equant.

NOTE 8 - SUBSEQUENT EVENTS

In October 2000, the Company made an offer to purchase for $215 million in cash certain assets currently used by US Airways, Inc. ("US Airways") at Reagan National that United Air Lines, Inc. ("United") proposes to sell if the proposed merger of United and US Airways occurs. The assets would include 119 jet and 103 commuter slots at Reagan National, as well as eight gates and related ticket counter, ramp, aircraft parking, office space and other facilities at the airport. The offer also includes the option to assume the lease of US Airways' line maintenance hangar at Reagan National.

SIGNATURES

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

CONTINENTAL AIRLINES, INC.

(Registrant)

Date: November 10, 2000 by: /s/ Lawrence W. Kellner

Lawrence W. Kellner

Executive Vice President and

Chief Financial Officer

(On behalf of Registrant)

Date: November 10, 2000 by: /s/ Chris Kenny________________________

Chris Kenny

Staff Vice President and Controller

(Principal Accounting Officer)