

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, 1999

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 0-9781

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation or organization)

74-2099724

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

1600 Smith Street, Dept. HQSE0
Houston, Texas 77002
(Address of principal executive offices)
(Zip Code)

713-324-2950

(Registrant's telephone number, including area code)

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

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

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
	(Unaudited)		(Unaudited)	
Operating Revenue:				
Passenger	\$2,028	\$1,888	\$3,928	\$3,602
Cargo and mail.	70	68	137	136
Other	100	80	189	152
	2,198	2,036	4,254	3,890
Operating Expenses:				
Wages, salaries and related costs.	622	521	1,238	1,018
Aircraft rentals.	189	162	373	318
Maintenance, materials and repairs.	155	152	298	305
Aircraft fuel	154	183	304	373

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

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

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

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

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

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

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

ASSETS	June 30, 1999 (Unaudited)	December 31, 1998
Current Assets:		
Cash and cash equivalents, including restricted cash and cash equivalents of \$11	\$1,259	\$1,399
Accounts receivable, net.	496	449

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

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

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, 1999 (Unaudited)	December 31, 1998
Current Liabilities:		
Current maturities of long-term debt.	\$ 189	\$ 184
Current maturities of capital leases.	46	47
Accounts payable.	827	843
Air traffic liability	1,037	854
Accrued payroll and pensions.	221	265
Accrued other liabilities	244	249
Total current liabilities.	2,564	2,442
Long-Term Debt	2,630	2,267
Capital Leases	208	213
Deferred Credits and Other Long-Term Liabilities:		
Deferred income taxes	521	372
Accruals for aircraft retirements and excess facilities.	77	95
Other	328	393
Total deferred credits and other long-term liabilities	926	860
Commitments and Contingencies		
Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust Holding Solely Convertible Subordinated Debentures.	-	111

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

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

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

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

Six Months
 Ended June 30,
 1999 1998
 (Unaudited)

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

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

Six Months
 Ended June 30,
 1999 1998
 (Unaudited)

Supplemental Cash Flow Information:		
Interest paid	\$ 101	\$ 72
Income taxes paid	\$ 8	\$ 4
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	\$ 501	\$ 263
Capital lease obligations incurred. . . .	\$ 21	\$ 109
Conversion of trust originated preferred securities	\$ 111	\$ -
Conversion of 6-3/4% Convertible Subordinated Notes	\$ 230	\$ -

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

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

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

In the opinion of management, the unaudited consolidated financial statements included herein contain all adjustments necessary to present fairly the financial position, results of operations and cash flows for the periods indicated. Such adjustments are of a normal, recurring nature. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in the Annual Report of Continental Airlines, Inc. (the "Company" or "Continental") on Form 10-K for the year ended December 31, 1998 (the "1998 10-K").

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

NOTE 1 - EARNINGS PER SHARE

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Numerator:				
Income before cumulative effect of change in accounting principle and extraordinary charge	\$137	\$167	\$227	\$248
Cumulative effect of change in accounting principle, net of applicable income taxes. . . .	-	-	(6)	-
Extraordinary charge, net of applicable income taxes. . . .	-	(4)	-	(4)
Numerator for basic earnings per share - net income	137	163	221	244
Effect of dilutive securities:				
Preferred Securities of Trust	-	3	-	7
6-3/4% convertible subordinated notes.	1	2	3	4
	1	5	3	11
Numerator for diluted earnings per share - net income after assumed conversions.	\$138	\$168	\$224	\$254
Denominator:				
Denominator for basic earnings per share - weighted-average shares	70.9	60.7	69.7	59.9
Effect of dilutive securities:				
Employee stock options	1.7	2.0	1.5	2.0
Warrants	-	0.7	-	1.7
Preferred Securities of Trust.	-	10.3	0.1	10.3
6-3/4% convertible subordinated notes	4.2	7.6	5.9	7.6
Dilutive potential common shares.	5.9	20.6	7.5	21.6
Denominator for diluted earnings per share - adjusted weighted-average and assumed conversions.	76.8	81.3	77.2	81.5

NOTE 2 - INCOME TAXES

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

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

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

NOTE 3 - COMPREHENSIVE INCOME

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

NOTE 4 - CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING PRINCIPLE

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

NOTE 5 - PREFERRED SECURITIES OF TRUST

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

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

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

NOTE 7 - REGULATORY MATTERS

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

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

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

NOTE 8 - OTHER

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

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

The Company holds a membership interest in The SITA Foundation ("SITA"), an organization providing data communication services to

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

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

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

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

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

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

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

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

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

RESULTS OF OPERATIONS

The following discussion provides an analysis of the Company's results of operations and reasons for material changes therein for the three and six months ended June 30, 1999 as compared to the corresponding periods ended June 30, 1998.

Comparison of Three Months Ended June 30, 1999 to Three Months
Ended June 30, 1998

The Company recorded consolidated net income of \$137 million for the three months ended June 30, 1999 as compared to consolidated net income of \$163 million for the three months ended June 30, 1998.

Passenger revenue increased 7.4%, \$140 million, during the quarter ended June 30, 1999 as compared to the same period in 1998, which was principally due to a 9.1% increase in revenue passenger miles, partially offset by a 2.4% decrease in yield. The decrease in yield was due to lower industry-wide fare levels and a 6.4% increase in average stage length.

Other operating revenue increased 25.0%, \$20 million, in the three months ended June 30, 1999 as compared to the same period in the prior year, primarily due to an increase in revenue related to the Company's frequent flyer program ("OnePass").

Wages, salaries and related costs increased 19.4%, \$101 million, during the quarter ended June 30, 1999 as compared to the same period in 1998, primarily due to a 7.2% increase in average full-time equivalent employees to support increased flying and higher wage rates resulting from the Company's decision to increase employee wages to industry standards by the year 2000.

Aircraft rentals increased 16.7%, \$27 million, in the second quarter of 1999 compared to the second quarter of 1998, due to the delivery of new aircraft.

Aircraft fuel expense decreased 15.8%, \$29 million, in the three months ended June 30, 1999 as compared to the same period in the prior year. The average price per gallon decreased 18.8% from 46.96 cents in the second quarter of 1998 to 38.13 cents in the second quarter of 1999. This reduction was partially offset by a 2.4% increase in the quantity of jet fuel used, principally reflecting increased capacity. In addition, during the second quarter of 1999, the Company recognized approximately a \$36 million gain related to its fuel hedging program. See "Fuel Hedging" below.

Commissions expense decreased 6.6%, \$10 million, in the second quarter of 1999 compared to the second quarter of 1998 due to a lower volume of commissionable sales and lower rates as a result of the international commission cap, partially offset by increased passenger revenue.

Other rentals and landing fees increased 22.2%, \$22 million, in the three months ended June 30, 1999 as compared to the same period in the prior year primarily due to higher facilities rent due to increased rates and space, and higher landing fees resulting from increased operations.

Depreciation and amortization expense increased 22.2%, \$16 million, in the second quarter of 1999 compared to the second quarter of 1998 due principally to the addition of new aircraft and related spare parts. These increases were partially offset by approximately a \$2 million reduction in the amortization of routes, gates and slots resulting from the recognition of previously unbenefitted NOLs during 1998.

Other operating expense increased 13.5%, \$56 million, in the three months ended June 30, 1999 as compared to the same period in the prior year, as a result of increases in reservations and sales expense, passenger services expense, aircraft servicing expense and other miscellaneous expense, resulting primarily from an increase in enplanements and revenue passenger miles.

Interest expense increased 29.5%, \$13 million, due to an increase in long-term debt resulting from the purchase of new aircraft and \$200 million of 8% unsecured senior notes issued in December 1998, offset by interest savings of \$1.7 million due to the conversion of the Company's 6-3/4% Convertible Subordinated Notes.

The Company's other nonoperating income (expense) in the three months ended June 1999 includes foreign currency losses of \$4.1 million. Other nonoperating income (expense) in the three months ended June 30, 1998 included a \$6 million gain on the sale of certain stock of America West Holdings Corporation ("America West").

Comparison of Six Months Ended June 30, 1999 to Six Months Ended June 30, 1998

The Company recorded consolidated net income of \$221 million and \$244 million for the six months ended June 30, 1999 and 1998, respectively. Net income for the first quarter of 1999 included the cumulative effect of a change in accounting principle charge (\$6 million, net of taxes) related to the write-off of pilot training costs.

Passenger revenue increased 9.1%, \$326 million, during the six months ended June 30, 1999 as compared to the same period in 1998. The increase was due to a 11.3% increase in revenue passenger miles, partially offset by a 2.9% decrease in yield. The Company estimates that passenger revenue in the first quarter of 1999 increased by \$19 million due to a significant number of flight cancellations at one of its competitors. The decrease in yield was due to lower industry-wide fare levels and a 6.5% increase in average stage length.

Other operating revenue increased 24.3%, \$37 million, in the six months ended June 30, 1999 compared to the same period in the prior year primarily due to an increase in OnePass revenue.

Wages, salaries and related costs increased 21.6%, \$220 million, during the six months ended June 30, 1999 as compared to the same period in 1998, primarily due to an 8.7% increase in average full-time equivalent employees to support increased flying, increased on-time bonus payments and higher wage rates resulting from the Company's decision to increase employee wages to industry standards by the year 2000.

Aircraft rentals increased 17.3%, \$55 million, during the six months ended June 30, 1999 as compared to the same period in 1998, due primarily to the delivery of new aircraft.

Maintenance, materials and repairs decreased 2.3%, \$7 million, during the six months ended June 30, 1999 as compared to the same period in the prior year due to newer aircraft and the volume and timing of engine overhauls as part of the Company's ongoing maintenance program.

Aircraft fuel expense decreased 18.5%, \$69 million, in the six months ended June 30, 1999 as compared to the same period in the prior year. The average price per gallon decreased 22.2% from 49.30 cents in the first six months of 1998 to 38.37 cents in the first six months of 1999. This reduction was partially offset by a 3.9% increase in the quantity of jet fuel used principally reflecting increased capacity. In addition, during the first six months of 1999, the Company recognized approximately a \$37 million gain related to its fuel hedging program. See "Fuel Hedging" below.

Commissions expense decreased 2.7%, \$8 million, during the six months ended June 30, 1999 as compared to the same period in 1998 due to a lower volume of commissionable sales and lower rates as the result of the international commission cap, partially offset by increased passenger revenue.

Other rentals and landing fees increased 17.5%, \$35 million, primarily due to higher facilities rent due to increased rates and volume, and higher landing fees resulting from increased operations.

Depreciation and amortization expense increased 23.6%, \$33 million, in the first six months of 1999 compared to the same period in 1998 primarily due to the addition of new aircraft and related spare parts. These increases were partially offset by approximately a \$4 million reduction in the amortization of routes, gates and slots resulting from the recognition of previously unbenefitted NOLs during 1998.

Other operating expense increased 14.6%, \$119 million, in the six months ended June 30, 1999 as compared to the same period in the prior year, primarily as a result of increases in passenger services expense, aircraft servicing expense, reservations and sales expense and other miscellaneous expense, primarily due to an increase in enplanements and revenue passenger miles.

Interest expense increased 31.0%, \$26 million, due to an increase in long-term debt resulting from the purchase of new aircraft and \$200 million of 8% unsecured senior notes issued in December 1998, offset by interest savings of \$1.7 million due to the conversion of the Company's 6-3/4% Convertible Subordinated Notes.

The Company's other nonoperating income (expense) in the six months ended June 30, 1999 includes a \$20 million gain on the sale of a portion of the Company's indirect interest in Equant partially offset by foreign currency losses of \$10.5 million. Other nonoperating income (expense) in the first six months of 1998 included a \$6 million gain on the sale of certain America West stock.

Certain Statistical Information

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

	Three Months Ended June 30,		Net
	1999	1998	Increase/ (Decrease)
Revenue passenger miles (millions) (1)	14,919	13,675	9.1 %
Available seat miles (millions) (2)	20,163	18,574	8.6 %
Passenger load factor (3)	74.0%	73.6%	0.4 pts.
Breakeven passenger load factor (4)	61.9%	59.0%	2.9 pts.
Passenger revenue per available seat mile (cents)	9.20	9.39	(2.0)%
Total revenue per available seat mile (cents)	10.15	10.27	(1.2)%
Operating cost per available seat mile (cents)	8.97	8.85	1.4 %
Average yield per revenue passenger mile (cents) (5)	12.44	12.75	(2.4)%
Average fare per revenue passenger	\$.161.47	\$154.80	4.3 %
Revenue passengers (thousands)	11,493	11,261	2.1 %
Average length of aircraft flight (miles)	1,104	1,038	6.4 %
Average daily utilization of each aircraft (hours) (6)	10:35	10:19	2.6 %
Actual aircraft in fleet at end of period (7)	360	353	2.0 %

	Six Months Ended June 30,		Net
	1999	1998	Increase/ (Decrease)
Revenue passenger miles (millions) (1)	28,656	25,747	11.3 %
Available seat miles (millions) (2)	39,388	36,097	9.1 %

Passenger load factor (3)	72.8%	71.3%	1.5 pts.
Break-even passenger load factor (4)	62.7%	59.8%	2.9 pts.
Passenger revenue per available seat mile (cents)	9.17	9.25	(0.9)%
Total revenue per available seat mile (cents)	10.10	10.15	(0.5)%
Operating cost per available seat mile (cents)	9.09	8.99	1.1 %
Average yield per revenue passenger mile (cents) (5) . . .	12.60	12.98	(2.9)%
Average fare per revenue passenger	\$162.16	\$156.60	3.6 %
Revenue passengers (thousands)	22,271	21,333	4.4 %
Average length of aircraft flight (miles)	1,093	1,026	6.5 %
Average daily utilization of each aircraft (hours) (6)	10:23	10:16	1.1 %
Actual aircraft in fleet at end of period (7)	360	353	2.0 %

Continental has entered into block-space arrangements with certain other carriers whereby one or both of the carriers is obligated to purchase capacity on the other. For the three months ended June 30, 1999 and June 30, 1998, the table above excludes 633 million and 346 million available seat miles, and related revenue passenger miles and enplanements, operated by Continental but purchased and marketed by the other carrier, and includes 258 million and 43 million available seat miles, and related revenue passenger miles and enplanements, operated by other carriers but purchased and marketed by Continental. For the six months ended June 30, 1999 and June 30, 1998, the table above excludes 1.3 billion and 676 million available seat miles, and related revenue passenger miles and enplanements, operated by Continental but purchased and marketed by the other carrier, and includes 490 million and 65 million available seat miles, and related revenue passenger miles and enplanements, operated by other carriers but purchased and marketed by Continental.

- (1) The number of scheduled miles flown by revenue passengers.
- (2) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
- (3) Revenue passenger miles divided by available seat miles.
- (4) The percentage of seats that must be occupied by revenue passengers in order for the airline to break even on an income before income taxes basis, excluding nonrecurring charges, nonoperating items and other special items.
- (5) The average revenue received for each mile a revenue passenger is carried.
- (6) The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).
- (7) Excludes six all-cargo 727 aircraft at CMI in 1999 and 1998. During the first six months of 1999, the Company took delivery of 24 aircraft and removed 27 aircraft from service.

LIQUIDITY AND CAPITAL COMMITMENTS

In the first six months of 1999, the Company completed several transactions intended to strengthen its long-term financial position and enhance earnings.

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

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

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

Also on April 15, 1999, the Company exercised its right and called

for redemption on May 25, 1999, all \$230 million of its 6-3/4% Convertible Subordinated Notes due 2006. The notes were converted into 7,617,120 shares of Class B common stock during May 1999.

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

As of June 30, 1999, the Company had \$1.2 billion in cash and cash equivalents (excluding restricted cash of \$11 million). Net cash provided by operating activities decreased \$151 million during the six months ended June 30, 1999 compared to the same period in the prior year primarily due to a decrease in net income and changes in working capital. Net cash used by investing activities decreased \$87 million for the six months ended June 30, 1999 compared to the same period in the prior year, primarily as a result of the purchase of short-term investments in the second quarter of 1998. Net cash used by financing activities for the six months ended June 30, 1999 compared to the same period in the prior year increased \$119 million primarily due to a decrease in proceeds from the issuance of long-term debt and an increase in the purchase of the Company's Class B common stock, partially offset by a decrease in payments on long-term debt and capital lease obligations.

Deferred Tax Assets. The Company had, as of December 31, 1998, deferred tax assets aggregating \$803 million, including \$372 million of NOLs and a valuation allowance of \$263 million. To the extent the Company were to determine in the future that additional NOLs of the Company's predecessor could be recognized in the accompanying consolidated financial statements, such benefit would further reduce routes, gates and slots.

As a result of NOLs, the Company will not pay United States federal income taxes (other than alternative minimum tax) until it has recorded approximately an additional \$1.1 billion of taxable income following December 31, 1998. Section 382 of the Internal Revenue Code ("Section 382") imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period.

On November 20, 1998, an affiliate of Northwest Airlines, Inc. completed its acquisition of certain equity of the Company previously held by Air Partners, L.P. and its affiliates, together with certain Class A common stock of the Company held by certain other investors, totaling 8,661,224 shares of Class A common stock (the "Air Partners Transaction"). Based on information currently available, the Company does not believe that the Air Partners Transaction resulted in an ownership change for purposes of Section 382.

Purchase Commitments. Continental has substantial commitments for capital expenditures, including for the acquisition of new aircraft. As of July 16, 1999, Continental had agreed to acquire a total of 101 Boeing jet aircraft through 2005. The Company anticipates taking delivery of 61 Boeing jet aircraft in 1999 (24 of which were delivered during the first six months of 1999 and financed through enhanced equipment trust certificates, with the Company purchasing 14 of those aircraft and leasing the other ten). Continental also has options for an additional 121 Boeing aircraft (exercisable subject to certain conditions). The estimated aggregate cost of the Company's firm commitments for Boeing aircraft is approximately \$4.8 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 July 16, 1999, Continental had approximately \$948 million in financing arranged for such future Boeing deliveries. In addition, Continental has commitments or letters of intent for backstop financing for approximately one-third of the anticipated remaining acquisition cost of such Boeing deliveries. In addition, at July 16, 1999, Continental had firm commitments to purchase 28 spare engines related to the new Boeing aircraft for approximately \$200 million which will be deliverable through December 2004.

As of July 16, 1999, Express had firm commitments to acquire 27

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

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

Continental expects its cash outlays for 1999 capital expenditures, exclusive of fleet plan requirements, to aggregate \$254 million, primarily relating to mainframe, software application and automation infrastructure projects, aircraft modifications and mandatory maintenance projects, passenger terminal facility improvements and office, maintenance, telecommunications and ground equipment. Continental's capital expenditures during the six months ended June 30, 1999 aggregated \$105 million, exclusive of fleet plan expenditures.

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

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

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

The Company also is conducting extensive communications and on-site visits with its significant suppliers, vendors and governmental agencies with which its systems interface and exchange data or upon which its business depends. The Company is coordinating efforts with these parties to minimize the extent to which its business may be vulnerable to their failure to remediate their own Year 2000 problems. The Company's business is dependent upon certain domestic and foreign governmental organizations or entities such as the Federal Aviation Administration ("FAA") that provide essential aviation industry infrastructure. There can be no assurance that the systems of such third parties on which the Company's business relies will be modified on a timely basis. The Company's business, financial condition or results of operations could be materially adversely affected by the failure of its equipment or systems or those operated by other parties to operate properly beyond 1999. Although the Company currently has day-to-day operational

contingency plans, management is in the process of updating these plans for possible Year 2000-specific operational requirements. To facilitate the completion of these plans, the Company has hired an outside consultant. Based on current progress, the Company anticipates completing the revision of current contingency plans and the creation of additional contingency plans by September 1999. In addition, the Company will continue to monitor third-party (including governmental) readiness and will modify its contingency plans accordingly. While the Company does not currently expect any significant modification of its operations in response to the Year 2000 issue, in a worst-case scenario the Company could be required to suspend flights to certain locations or otherwise alter its operations significantly.

The total cost of the Company's Year 2000 project (excluding internal payroll) is currently estimated at \$18-20 million and has been and will be funded through cash from operations. As of June 30, 1999, the Company had incurred and expensed approximately \$18 million relating to its Year 2000 project. The cost of the Year 2000 project is limited by the substantial outsourcing of the Company's systems and the significant implementation of new systems following the Company's emergence from bankruptcy in 1993. The costs of the Company's Year 2000 project and the date on which the Company believes it will be completed are based on management's best estimates and include assumptions regarding third-party modification plans. However, in particular due to the potential impact of third-party modification plans, there can be no assurance that these estimates will be achieved, and actual results could differ materially from those anticipated.

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

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

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

On June 4, 1999, following a mail ballot election, the National Mediation Board ("NMB") determined that fewer than 29% of the Company and Express's 8,000 fleet service employees desired to be represented by the International Association of Machinists ("IAM"), and dismissed the IAM's representation petition. Pursuant to the NMB's rules there is a one-year bar from the date of the dismissal on union organizing.

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

In addition, the Company's and Express's flight attendants, pilots and dispatchers are represented by unions as are CMI's flight attendants, mechanics and related employees and agents. The other employees of Continental, Express and CMI are not represented and are not covered by collective bargaining agreements.

Fuel Hedging. The Company uses a combination of petroleum swap contracts, petroleum call options, and jet fuel purchase commitments to provide some short-term protection against a sharp

increase in jet fuel prices. During the second quarter, the Company entered into petroleum swap contracts and call options to hedge jet fuel prices for approximately 95% of its anticipated fuel requirements through October 1999. The fair value was approximately \$22 million at June 30, 1999 and has been recorded in other assets with the offset to other comprehensive income, net of applicable income taxes and hedge ineffectiveness. As of July 16, 1999, the fair value of the petroleum swap contracts and call options was approximately \$36 million.

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

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

ITEM 2. CHANGES IN SECURITIES 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 May 18, 1999. The following individuals were elected to the Company's Board of Directors to hold office for the ensuing year:

NOMINEE	VOTES FOR	VOTES WITHHELD
Thomas J. Barrack, Jr.	152,431,654	2,273,512
Gordon M. Bethune	152,429,309	2,275,857
David Bonderman	152,240,815	2,464,351
Gregory D. Brenneman	152,431,517	2,273,649
Kirbyjon H. Caldwell	154,705,166	-
Patrick Foley	152,430,705	2,274,461
Douglas H. McCorkindale	152,431,975	2,273,191
George G.C. Parker	152,430,957	2,274,209
Richard W. Pogue	152,431,222	2,273,944
William S. Price III	152,431,653	2,273,513
Donald L. Sturm	152,431,124	2,274,042
Charles A. Yamarone	152,431,716	2,273,450
Karen Hastie Williams	152,245,789	2,459,377

A proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 1999 was voted on by the stockholders as follows:

Votes For	Votes Against	Votes Abstaining	Broker Non-Votes
154,567,557	60,862	76,747	-

ITEM 5. OTHER INFORMATION.

None.

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

(a) Exhibits:

- 10.1 First Amendment to Continental Airlines, Inc. Deferred Compensation Plan, effective January 1, 1999.
- 10.2 Amendment to Employment Agreement between the Company and Gordon M. Bethune, dated as of May 19, 1999.
- 10.3 Amendment to Employment Agreement between the Company and Gregory D. Brenneman, dated as of May 19, 1999.
- 10.4 Amendment to Employment Agreement between the Company and Lawrence W. Kellner, dated as of May 19, 1999.
- 10.5 Amendment to Employment Agreement between the Company and C.D. McLean, dated as of May 19, 1999.
- 10.6 Amendment to Employment Agreement between the Company and Jeffery A. Smisek, dated as of May 19, 1999.
- 10.7 Supplemental Agreement No. 11, including side letters, to Boeing Purchase Agreement No. 1951, dated May 14, 1999.
- 10.8 Supplemental Agreement No. 2, including side letter, to Boeing Purchase Agreement No. 2060, dated June 8, 1999.
- 10.9 Supplemental Agreement No. 6, including side letter, to Boeing Purchase Agreement No. 2061, dated May 14, 1999.
- 27.1 Financial Data Schedule.

(b) Reports on Form 8-K:

- (i) Report dated May 18, 1999 reporting Item 5. "Other Events". No financial statements were filed with the report, which included a Press Release related to the election of Kirbyjon H. Caldwell to the Board of Directors.
- (ii) Report dated June 25, 1999 reporting Item 7. "Financial Statements and Exhibits". No financial statements were filed with the report, which included an Exhibit Index related to the Continental 1999-2 offering of pass through certificates.

SIGNATURES

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

CONTINENTAL AIRLINES, INC.
(Registrant)

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

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

INDEX TO EXHIBITS
OF
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(1)
- 27.1 Financial Data Schedule.

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

FIRST AMENDMENT TO
CONTINENTAL AIRLINES, INC.
DEFERRED COMPENSATION PLAN

WHEREAS, CONTINENTAL AIRLINES, INC. (the "Company") has heretofore adopted the CONTINENTAL AIRLINES, INC. DEFERRED COMPENSATION PLAN (the "Plan") for the benefit of certain of its employees and directors and certain employees of its adopting subsidiaries; and

WHEREAS, the Company desires to amend the Plan in certain respects;

NOW, THEREFORE, the Plan shall be amended as follows, effective as of January 1, 1999:

1. The following shall be added to the end of Section 6.3(a) of the Plan:

"Notwithstanding the preceding provisions of this Section 6.3(a), a Member shall not be entitled to a withdrawal under this Section 6.3(a) if the Committee determines, in its sole discretion, that the primary purpose of such withdrawal is the cessation of Compensation deferrals under the Plan. The Committee shall consider such factors as it deems appropriate in order to make a determination pursuant to the preceding sentence, including, without limitation, the amount of the requested withdrawal, the balance in the Member's Account, the Member's Compensation deferral election then in effect, and the timing of such withdrawal request."

2. As amended hereby, the Plan is specifically ratified and reaffirmed.

IN WITNESS WHEREOF, the undersigned officer of the Company acting pursuant to authority granted to him by the Human Resources Committee of the Company's Board of Directors has executed this instrument on this 18th day of May, 1999.

CONTINENTAL AIRLINES, INC.

By: /s/ Jeffery A. Smisek
Jeffery A. Smisek
Executive Vice President

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is made by and between Continental Airlines, Inc., a Delaware corporation ("Company"), and Gordon M. Bethune ("Executive").

Recitals:

WHEREAS, Company and Executive are parties to that certain Amended and Restated Employment Agreement dated as of November 20, 1998 (the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company, and the Human Resources Committee of the Board of Directors of the Company, by resolutions duly adopted on May 18, 1999, have authorized the execution and delivery of this Amendment; and

WHEREAS, Company and Executive desire to amend the Existing Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 4.7(iii) of the Existing Agreement (the definition of "Flight Benefits") is hereby amended to read in its entirety as follows:

"Flight Benefits" shall mean flight benefits on each airline operated by the Company or any of its affiliates or any successor or successors thereto (the "CO system"), consisting of the highest priority space available flight passes for Executive and Executive's eligible family members (as such eligibility is in effect on May 18, 1999), a Universal Air Travel Plan (UATP) card (or, in the event of discontinuance of the UATP program, a similar charge card permitting the purchase of air travel through direct billing to the Company or any successor or successors thereto (a "Similar Card")) in Executive's name for charging on an annual basis up to the applicable Annual Travel Limit (as hereinafter defined) with respect to such year in value (valued identically to the calculation of imputed income resulting from such flight benefits described below) of flights (in any fare class) on the CO system for Executive, Executive's spouse, Executive's family and significant others as determined by Executive, a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card) in Executive's name for use on the CO system, a membership for Executive and Executive's spouse in the Company's President's Club (or any successor program maintained in the CO system) and payment by the Company to Executive of an annual amount (not to exceed in any year the applicable Annual Gross Up Limit (as hereinafter defined) with respect to such year) sufficient to pay, on an after tax basis (i.e., after the payment by Executive of all taxes on such amount), the U.S. federal, state and local income taxes on imputed income resulting from such flights (such imputed income to be calculated during the term of such Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare, or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law) or resulting from any other flight benefits extended to Executive as a result of Executive's service as an executive of the Company;"

2. The last paragraph of Section 4.7 (Certain Definitions and Additional Terms), which immediately follows the last numbered subsection of Section 4.7, is hereby deleted and replaced in its entirety as follows:

"As used for purposes of Flight Benefits, with respect to any year, the term "Annual Travel Limit" shall mean an amount (initially \$50,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by

multiplying such amount by a fraction, the numerator of which shall be the Company's average fare per revenue passenger for its jet operations (excluding regional jets) with respect to the applicable year as reported in its Annual Report on Form 10-K (or, if not so reported, as determined by the Company's independent auditors) (the "Average Fare") for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$50,000 annually (adjusted in accordance with clauses (i) and (ii) above) of flights relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in such flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Travel Limit would be increased by 15% to \$57,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request.

The Company will promptly notify Executive in writing of any adjustments to the Annual Travel Limit described in this paragraph.

As used for purposes of Flight Benefits, with respect to any year, the term "Annual Gross Up Limit" shall mean an amount (initially \$10,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Average Fare for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$10,000 annually (adjusted in accordance with clauses (i) and (ii) above) of tax gross up relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Gross Up Limit would be increased by 15% to \$11,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Gross Up Limit described in this paragraph.

As used for purposes of Flight Benefits, a year may consist of twelve consecutive months other than a calendar year, it being the Company's practice as of May 18, 1999 for purposes of Flight Benefits for a year to commence on December 1 and end on the following November 30 (for example, the twelve-month period from December 1, 1998 to November 30, 1999 is considered the year 1999 for

purposes of Flight Benefits); provided that all calculations for purposes of clause (i) in the prior two paragraphs shall be with respect to fiscal years of the Company.

As used for purposes of Flight Benefits, the term "affiliates" of the Company means any entity controlled by, controlling, or under common control with the Company, it being understood that control of an entity shall require the direct or indirect ownership of a majority of the outstanding capital stock of such entity.

No tickets issued on the CO system in connection with the Flight Benefits may be purchased other than directly from the Company or its successor or successors (i.e., no travel agent or other fee or commission based distributor may be used), nor may any such tickets be sold or transferred by Executive or any other person, nor may any such tickets be used by any person other than the person in whose name the ticket is issued. Executive agrees that, after receipt of an invoice or other accounting statement therefor, he will promptly (and in any event within 45 days after receipt of such invoice or other accounting statement) reimburse the Company for all charges on his UATP card (or Similar Card) which are not for flights on the CO system and which are not otherwise reimbursable to Executive under the provisions of paragraph 3.7(ii) hereof, or which are for tickets in excess of the applicable Annual Travel Limit. Executive agrees that the credit availability under Executive's UATP card (or Similar Card) may be suspended if Executive does not timely reimburse the Company as described in the foregoing sentence or if Executive exceeds the applicable Annual Travel Limit with respect to a year; provided, that, immediately upon the Company's receipt of Executive's reimbursement in full (or, in the case of exceeding the applicable Annual Travel Limit, beginning the next following year and after such reimbursement), the credit availability under Executive's UATP card (or Similar Card) will be restored.

The sole cost to Executive of flights on the CO system pursuant to use of Executive's Flight Benefits will be the imputed income with respect to flights on the CO system charged on Executive's UATP card (or Similar Card), calculated throughout the term of Executive's Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law, and reported to Executive as required by applicable law. With respect to any period for which the Company is obligated to provide the tax gross up described above, Executive will provide to the Company, upon request, a calculation or other evidence of Executive's marginal tax rate sufficient to permit the Company to calculate accurately the amount to be paid to Executive.

Executive will be issued a UATP card (or Similar Card), a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card), a membership card in the Company's Presidents Club (or any successor program maintained in the CO system) for Executive and Executive's spouse, and an appropriate flight pass identification card, each valid at all times during the term of Executive's Flight Benefits."

3. The Existing Agreement, as amended by this Amendment, is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the 19th day of May, 1999.

CONTINENTAL AIRLINES, INC.

By: _____
Jeffery A. Smisek
Executive Vice President

EXECUTIVE

Gordon M. Bethune

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is made by and between Continental Airlines, Inc., a Delaware corporation ("Company"), and Gregory D. Brenneman ("Executive").

Recitals:

WHEREAS, Company and Executive are parties to that certain Amended and Restated Employment Agreement dated as of November 20, 1998 (the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company, and the Human Resources Committee of the Board of Directors of the Company, by resolutions duly adopted on May 18, 1999, have authorized the execution and delivery of this Amendment; and

WHEREAS, Company and Executive desire to amend the Existing Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 4.7(iii) of the Existing Agreement (the definition of "Flight Benefits") is hereby amended to read in its entirety as follows:

"Flight Benefits" shall mean flight benefits on each airline operated by the Company or any of its affiliates or any successor or successors thereto (the "CO system"), consisting of the highest priority space available flight passes for Executive and Executive's eligible family members (as such eligibility is in effect on May 18, 1999), a Universal Air Travel Plan (UATP) card (or, in the event of discontinuance of the UATP program, a similar charge card permitting the purchase of air travel through direct billing to the Company or any successor or successors thereto (a "Similar Card")) in Executive's name for charging on an annual basis up to the applicable Annual Travel Limit (as hereinafter defined) with respect to such year in value (valued identically to the calculation of imputed income resulting from such flight benefits described below) of flights (in any fare class) on the CO system for Executive, Executive's spouse, Executive's family and significant others as determined by Executive, a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card) in Executive's name for use on the CO system, a membership for Executive and Executive's spouse in the Company's President's Club (or any successor program maintained in the CO system) and payment by the Company to Executive of an annual amount (not to exceed in any year the applicable Annual Gross Up Limit (as hereinafter defined) with respect to such year) sufficient to pay, on an after tax basis (i.e., after the payment by Executive of all taxes on such amount), the U.S. federal, state and local income taxes on imputed income resulting from such flights (such imputed income to be calculated during the term of such Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare, or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law) or resulting from any other flight benefits extended to Executive as a result of Executive's service as an executive of the Company;"

2. The last paragraph of Section 4.7 (Certain Definitions and Additional Terms), which immediately follows the last numbered subsection of Section 4.7, is hereby deleted and replaced in its entirety as follows:

"As used for purposes of Flight Benefits, with respect to any year, the term "Annual Travel Limit" shall mean an amount (initially \$50,000), which amount shall be

adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Company's average fare per revenue passenger for its jet operations (excluding regional jets) with respect to the applicable year as reported in its Annual Report on Form 10-K (or, if not so reported, as determined by the Company's independent auditors) (the "Average Fare") for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$50,000 annually (adjusted in accordance with clauses (i) and (ii) above) of flights relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in such flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Travel Limit would be increased by 15% to \$57,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Travel Limit described in this paragraph.

As used for purposes of Flight Benefits, with respect to any year, the term "Annual Gross Up Limit" shall mean an amount (initially \$10,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Average Fare for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$10,000 annually (adjusted in accordance with clauses (i) and (ii) above) of tax gross up relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Gross Up Limit would be increased by 15% to \$11,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Gross Up Limit described in this paragraph.

As used for purposes of Flight Benefits, a year may consist of twelve consecutive months other than a calendar year, it being the Company's practice as of May 18, 1999 for purposes of Flight Benefits for a year to commence on December 1 and end on the following November 30 (for example, the twelve-month period from December 1,

1998 to November 30, 1999 is considered the year 1999 for purposes of Flight Benefits); provided that all calculations for purposes of clause (i) in the prior two paragraphs shall be with respect to fiscal years of the Company.

As used for purposes of Flight Benefits, the term "affiliates" of the Company means any entity controlled by, controlling, or under common control with the Company, it being understood that control of an entity shall require the direct or indirect ownership of a majority of the outstanding capital stock of such entity.

No tickets issued on the CO system in connection with the Flight Benefits may be purchased other than directly from the Company or its successor or successors (i.e., no travel agent or other fee or commission based distributor may be used), nor may any such tickets be sold or transferred by Executive or any other person, nor may any such tickets be used by any person other than the person in whose name the ticket is issued. Executive agrees that, after receipt of an invoice or other accounting statement therefor, he will promptly (and in any event within 45 days after receipt of such invoice or other accounting statement) reimburse the Company for all charges on his UATP card (or Similar Card) which are not for flights on the CO system and which are not otherwise reimbursable to Executive under the provisions of paragraph 3.7(ii) hereof, or which are for tickets in excess of the applicable Annual Travel Limit. Executive agrees that the credit availability under Executive's UATP card (or Similar Card) may be suspended if Executive does not timely reimburse the Company as described in the foregoing sentence or if Executive exceeds the applicable Annual Travel Limit with respect to a year; provided, that, immediately upon the Company's receipt of Executive's reimbursement in full (or, in the case of exceeding the applicable Annual Travel Limit, beginning the next following year and after such reimbursement), the credit availability under Executive's UATP card (or Similar Card) will be restored.

The sole cost to Executive of flights on the CO system pursuant to use of Executive's Flight Benefits will be the imputed income with respect to flights on the CO system charged on Executive's UATP card (or Similar Card), calculated throughout the term of Executive's Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law, and reported to Executive as required by applicable law. With respect to any period for which the Company is obligated to provide the tax gross up described above, Executive will provide to the Company, upon request, a calculation or other evidence of Executive's marginal tax rate sufficient to permit the Company to calculate accurately the amount to be paid to Executive.

Executive will be issued a UATP card (or Similar Card), a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card), a membership card in the Company's Presidents Club (or any successor program maintained in the CO system) for Executive and Executive's spouse, and an appropriate flight pass identification card, each valid at all times during the term of Executive's Flight Benefits."

3. The Existing Agreement, as amended by this Amendment, is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the 19th day of May, 1999.

CONTINENTAL AIRLINES, INC.

By: _____
Jeffery A. Smisek
Executive Vice President

EXECUTIVE

Gregory D. Brenneman

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is made by and between Continental Airlines, Inc., a Delaware corporation ("Company"), and Lawrence W. Kellner ("Executive").

Recitals:

WHEREAS, Company and Executive are parties to that certain Amended and Restated Employment Agreement dated as of November 15, 1995, as amended by Amendment to Employment Agreement dated as of April 19, 1996, Amendment to Employment Agreement dated as of September 30, 1996, and Amendment to Employment Agreement dated as of November 20, 1998 (as so amended, the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company, and the Human Resources Committee of the Board of Directors of the Company, by resolutions duly adopted on May 18, 1999, have authorized the execution and delivery of this Amendment; and

WHEREAS, Company and Executive desire to amend the Existing Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 4.7(iv) of the Existing Agreement (the definition of "Flight Benefits") is hereby amended to read in its entirety as follows:

"Flight Benefits" shall mean flight benefits on each airline operated by the Company or any of its affiliates or any successor or successors thereto (the "CO system"), consisting of the highest priority space available flight passes for Executive and Executive's eligible family members (as such eligibility is in effect on May 18, 1999), a Universal Air Travel Plan (UATP) card (or, in the event of discontinuance of the UATP program, a similar charge card permitting the purchase of air travel through direct billing to the Company or any successor or successors thereto (a "Similar Card")) in Executive's name for charging on an annual basis up to the applicable Annual Travel Limit (as hereinafter defined) with respect to such year in value (valued identically to the calculation of imputed income resulting from such flight benefits described below) of flights (in any fare class) on the CO system for Executive, Executive's spouse, Executive's family and significant others as determined by Executive, a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card) in Executive's name for use on the CO system, a membership for Executive and Executive's spouse in the Company's President's Club (or any successor program maintained in the CO system) and payment by the Company to Executive of an annual amount (not to exceed in any year the applicable Annual Gross Up Limit (as hereinafter defined) with respect to such year) sufficient to pay, on an after tax basis (i.e., after the payment by Executive of all taxes on such amount), the U.S. federal, state and local income taxes on imputed income resulting from such flights (such imputed income to be calculated during the term of such Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare, or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law) or resulting from any other flight benefits extended to Executive as a result of Executive's service as an executive of the Company;"

2. The last paragraph of Section 4.7 (Certain Definitions and Additional Terms), which immediately follows the last numbered subsection of Section 4.7, is hereby deleted and replaced in its entirety as follows:

"As used for purposes of Flight Benefits, with respect to any year, the term "Annual Travel Limit" shall mean an amount (initially \$50,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Company's average fare per revenue passenger for its jet operations (excluding regional jets) with respect to the applicable year as reported in its Annual Report on Form 10-K (or, if not so reported, as determined by the Company's independent auditors) (the "Average Fare") for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$50,000 annually (adjusted in accordance with clauses (i) and (ii) above) of flights relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in such flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Travel Limit would be increased by 15% to \$57,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Travel Limit described in this paragraph.

As used for purposes of Flight Benefits, with respect to any year, the term "Annual Gross Up Limit" shall mean an amount (initially \$10,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Average Fare for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$10,000 annually (adjusted in accordance with clauses (i) and (ii) above) of tax gross up relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Gross Up Limit would be increased by 15% to \$11,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Gross Up Limit described in this paragraph.

As used for purposes of Flight Benefits, a year may consist of twelve consecutive months other than a calendar year, it being the Company's practice as of May

18, 1999 for purposes of Flight Benefits for a year to commence on December 1 and end on the following November 30 (for example, the twelve-month period from December 1, 1998 to November 30, 1999 is considered the year 1999 for purposes of Flight Benefits); provided that all calculations for purposes of clause (i) in the prior two paragraphs shall be with respect to fiscal years of the Company.

As used for purposes of Flight Benefits, the term "affiliates" of the Company means any entity controlled by, controlling, or under common control with the Company, it being understood that control of an entity shall require the direct or indirect ownership of a majority of the outstanding capital stock of such entity.

No tickets issued on the CO system in connection with the Flight Benefits may be purchased other than directly from the Company or its successor or successors (i.e., no travel agent or other fee or commission based distributor may be used), nor may any such tickets be sold or transferred by Executive or any other person, nor may any such tickets be used by any person other than the person in whose name the ticket is issued. Executive agrees that, after receipt of an invoice or other accounting statement therefor, he will promptly (and in any event within 45 days after receipt of such invoice or other accounting statement) reimburse the Company for all charges on his UATP card (or Similar Card) which are not for flights on the CO system and which are not otherwise reimbursable to Executive under the provisions of paragraph 3.4(i) hereof, or which are for tickets in excess of the applicable Annual Travel Limit. Executive agrees that the credit availability under Executive's UATP card (or Similar Card) may be suspended if Executive does not timely reimburse the Company as described in the foregoing sentence or if Executive exceeds the applicable Annual Travel Limit with respect to a year; provided, that, immediately upon the Company's receipt of Executive's reimbursement in full (or, in the case of exceeding the applicable Annual Travel Limit, beginning the next following year and after such reimbursement), the credit availability under Executive's UATP card (or Similar Card) will be restored.

The sole cost to Executive of flights on the CO system pursuant to use of Executive's Flight Benefits will be the imputed income with respect to flights on the CO system charged on Executive's UATP card (or Similar Card), calculated throughout the term of Executive's Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law, and reported to Executive as required by applicable law. With respect to any period for which the Company is obligated to provide the tax gross up described above, Executive will provide to the Company, upon request, a calculation or other evidence of Executive's marginal tax rate sufficient to permit the Company to calculate accurately the amount to be paid to Executive.

Executive will be issued a UATP card (or Similar Card), a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card), a membership card in the Company's Presidents Club (or any successor program maintained in the CO system) for Executive and Executive's spouse, and an appropriate flight pass identification card, each valid at all times during the term of Executive's Flight Benefits."

3. The Existing Agreement, as amended by this Amendment, is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms.

CONTINENTAL AIRLINES, INC.

By: _____
Jeffery A. Smisek
Executive Vice President

EXECUTIVE

Lawrence W. Kellner

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is made by and between Continental Airlines, Inc., a Delaware corporation ("Company"), and C.D. McLean ("Executive").

Recitals:

WHEREAS, Company and Executive are parties to that certain Amended and Restated Employment Agreement dated as of November 15, 1995, as amended by Amendment to Employment Agreement dated as of April 19, 1996, Amendment to Employment Agreement dated as of September 30, 1996, and Amendment to Employment Agreement dated as of November 20, 1998 (as so amended, the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company, and the Human Resources Committee of the Board of Directors of the Company, by resolutions duly adopted on May 18, 1999, have authorized the execution and delivery of this Amendment; and

WHEREAS, Company and Executive desire to amend the Existing Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 4.7(iv) of the Existing Agreement (the definition of "Flight Benefits") is hereby amended to read in its entirety as follows:

"Flight Benefits" shall mean flight benefits on each airline operated by the Company or any of its affiliates or any successor or successors thereto (the "CO system"), consisting of the highest priority space available flight passes for Executive and Executive's eligible family members (as such eligibility is in effect on May 18, 1999), a Universal Air Travel Plan (UATP) card (or, in the event of discontinuance of the UATP program, a similar charge card permitting the purchase of air travel through direct billing to the Company or any successor or successors thereto (a "Similar Card")) in Executive's name for charging on an annual basis up to the applicable Annual Travel Limit (as hereinafter defined) with respect to such year in value (valued identically to the calculation of imputed income resulting from such flight benefits described below) of flights (in any fare class) on the CO system for Executive, Executive's spouse, Executive's family and significant others as determined by Executive, a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card) in Executive's name for use on the CO system, a membership for Executive and Executive's spouse in the Company's President's Club (or any successor program maintained in the CO system) and payment by the Company to Executive of an annual amount (not to exceed in any year the applicable Annual Gross Up Limit (as hereinafter defined) with respect to such year) sufficient to pay, on an after tax basis (i.e., after the payment by Executive of all taxes on such amount), the U.S. federal, state and local income taxes on imputed income resulting from such flights (such imputed income to be calculated during the term of such Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare, or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law) or resulting from any other flight benefits extended to Executive as a result of Executive's service as an executive of the Company;"

2. The last paragraph of Section 4.7 (Certain Definitions and Additional Terms), which immediately follows the last numbered subsection of Section 4.7, is hereby deleted and replaced in its entirety as follows:

"As used for purposes of Flight Benefits, with respect to any year, the term "Annual Travel Limit" shall mean an amount (initially \$50,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Company's average fare per revenue passenger for its jet operations (excluding regional jets) with respect to the applicable year as reported in its Annual Report on Form 10-K (or, if not so reported, as determined by the Company's independent auditors) (the "Average Fare") for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$50,000 annually (adjusted in accordance with clauses (i) and (ii) above) of flights relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in such flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Travel Limit would be increased by 15% to \$57,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Travel Limit described in this paragraph.

As used for purposes of Flight Benefits, with respect to any year, the term "Annual Gross Up Limit" shall mean an amount (initially \$10,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Average Fare for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$10,000 annually (adjusted in accordance with clauses (i) and (ii) above) of tax gross up relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Gross Up Limit would be increased by 15% to \$11,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Gross Up Limit described in this paragraph.

As used for purposes of Flight Benefits, a year may consist of twelve consecutive months other than a calendar year, it being the Company's practice as of May

18, 1999 for purposes of Flight Benefits for a year to commence on December 1 and end on the following November 30 (for example, the twelve-month period from December 1, 1998 to November 30, 1999 is considered the year 1999 for purposes of Flight Benefits); provided that all calculations for purposes of clause (i) in the prior two paragraphs shall be with respect to fiscal years of the Company.

As used for purposes of Flight Benefits, the term "affiliates" of the Company means any entity controlled by, controlling, or under common control with the Company, it being understood that control of an entity shall require the direct or indirect ownership of a majority of the outstanding capital stock of such entity.

No tickets issued on the CO system in connection with the Flight Benefits may be purchased other than directly from the Company or its successor or successors (i.e., no travel agent or other fee or commission based distributor may be used), nor may any such tickets be sold or transferred by Executive or any other person, nor may any such tickets be used by any person other than the person in whose name the ticket is issued. Executive agrees that, after receipt of an invoice or other accounting statement therefor, he will promptly (and in any event within 45 days after receipt of such invoice or other accounting statement) reimburse the Company for all charges on his UATP card (or Similar Card) which are not for flights on the CO system and which are not otherwise reimbursable to Executive under the provisions of paragraph 3.4(i) hereof, or which are for tickets in excess of the applicable Annual Travel Limit. Executive agrees that the credit availability under Executive's UATP card (or Similar Card) may be suspended if Executive does not timely reimburse the Company as described in the foregoing sentence or if Executive exceeds the applicable Annual Travel Limit with respect to a year; provided, that, immediately upon the Company's receipt of Executive's reimbursement in full (or, in the case of exceeding the applicable Annual Travel Limit, beginning the next following year and after such reimbursement), the credit availability under Executive's UATP card (or Similar Card) will be restored.

The sole cost to Executive of flights on the CO system pursuant to use of Executive's Flight Benefits will be the imputed income with respect to flights on the CO system charged on Executive's UATP card (or Similar Card), calculated throughout the term of Executive's Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law, and reported to Executive as required by applicable law. With respect to any period for which the Company is obligated to provide the tax gross up described above, Executive will provide to the Company, upon request, a calculation or other evidence of Executive's marginal tax rate sufficient to permit the Company to calculate accurately the amount to be paid to Executive.

Executive will be issued a UATP card (or Similar Card), a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card), a membership card in the Company's Presidents Club (or any successor program maintained in the CO system) for Executive and Executive's spouse, and an appropriate flight pass identification card, each valid at all times during the term of Executive's Flight Benefits."

3. The Existing Agreement, as amended by this Amendment, is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms.

CONTINENTAL AIRLINES, INC.

By: _____
Jeffery A. Smisek
Executive Vice President

EXECUTIVE

C.D. McLean

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment to Employment Agreement (this "Amendment") is made by and between Continental Airlines, Inc., a Delaware corporation ("Company"), and Jeffery A. Smisek ("Executive").

Recitals:

WHEREAS, Company and Executive are parties to that certain Amended and Restated Employment Agreement dated as of November 15, 1995, as amended by Amendment to Employment Agreement dated as of April 19, 1996, Amendment to Employment Agreement dated as of September 30, 1996, and Amendment to Employment Agreement dated as of November 20, 1998 (as so amended, the "Existing Agreement"); and

WHEREAS, the Board of Directors of the Company, and the Human Resources Committee of the Board of Directors of the Company, by resolutions duly adopted on May 18, 1999, have authorized the execution and delivery of this Amendment; and

WHEREAS, Company and Executive desire to amend the Existing Agreement as hereinafter set forth;

NOW THEREFORE, in consideration of the premises, the mutual agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Section 4.7(iv) of the Existing Agreement (the definition of "Flight Benefits") is hereby amended to read in its entirety as follows:

"Flight Benefits" shall mean flight benefits on each airline operated by the Company or any of its affiliates or any successor or successors thereto (the "CO system"), consisting of the highest priority space available flight passes for Executive and Executive's eligible family members (as such eligibility is in effect on May 18, 1999), a Universal Air Travel Plan (UATP) card (or, in the event of discontinuance of the UATP program, a similar charge card permitting the purchase of air travel through direct billing to the Company or any successor or successors thereto (a "Similar Card")) in Executive's name for charging on an annual basis up to the applicable Annual Travel Limit (as hereinafter defined) with respect to such year in value (valued identically to the calculation of imputed income resulting from such flight benefits described below) of flights (in any fare class) on the CO system for Executive, Executive's spouse, Executive's family and significant others as determined by Executive, a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card) in Executive's name for use on the CO system, a membership for Executive and Executive's spouse in the Company's President's Club (or any successor program maintained in the CO system) and payment by the Company to Executive of an annual amount (not to exceed in any year the applicable Annual Gross Up Limit (as hereinafter defined) with respect to such year) sufficient to pay, on an after tax basis (i.e., after the payment by Executive of all taxes on such amount), the U.S. federal, state and local income taxes on imputed income resulting from such flights (such imputed income to be calculated during the term of such Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare, or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law) or resulting from any other flight benefits extended to Executive as a result of Executive's service as an executive of the Company;"

2. The last paragraph of Section 4.7 (Certain Definitions and Additional Terms), which immediately follows the last numbered subsection of Section 4.7, is hereby deleted and replaced in its entirety as follows:

"As used for purposes of Flight Benefits, with respect to any year, the term "Annual Travel Limit" shall mean an amount (initially \$50,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Company's average fare per revenue passenger for its jet operations (excluding regional jets) with respect to the applicable year as reported in its Annual Report on Form 10-K (or, if not so reported, as determined by the Company's independent auditors) (the "Average Fare") for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$50,000 annually (adjusted in accordance with clauses (i) and (ii) above) of flights relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in such flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Travel Limit would be increased by 15% to \$57,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Travel Limit described in this paragraph.

As used for purposes of Flight Benefits, with respect to any year, the term "Annual Gross Up Limit" shall mean an amount (initially \$10,000), which amount shall be adjusted (i) annually (beginning with the year 2000) by multiplying such amount by a fraction, the numerator of which shall be the Average Fare for such year, and the denominator of which shall be the Average Fare for the prior year, (ii) annually to add thereto any portion of such amount unused since the year 1999, and (iii) after adjustments described in clauses (i) and (ii) above, automatically upon any change in the valuation methodology for imputed income from flights (as compared with the valuation methodology for imputed income from flights used by the Company as of May 18, 1999), so as to preserve the benefit of \$10,000 annually (adjusted in accordance with clauses (i) and (ii) above) of tax gross up relative to the valuations resulting from the valuation methodology used by the Company as of May 18, 1999 (e.g., if a change in the valuation methodology results, on average, in flights being valued 15% higher than the valuation that would result using the valuation methodology used by the Company as of May 18, 1999, then the Annual Gross Up Limit would be increased by 15% to \$11,500, assuming no other adjustments pursuant to clauses (i) and (ii) above). In determining any adjustment pursuant to clause (iii) above, the Company shall be entitled to rely on a good faith calculation performed by its independent auditors based on a statistically significant random sampling of flight valuations compared with the applicable prior valuations of identical flights, which calculation (and the basis for any adjustments pursuant to clauses (i) or (ii) above) will be provided to Executive upon request. The Company will promptly notify Executive in writing of any adjustments to the Annual Gross Up Limit described in this paragraph.

As used for purposes of Flight Benefits, a year may consist of twelve consecutive months other than a calendar year, it being the Company's practice as of May

18, 1999 for purposes of Flight Benefits for a year to commence on December 1 and end on the following November 30 (for example, the twelve-month period from December 1, 1998 to November 30, 1999 is considered the year 1999 for purposes of Flight Benefits); provided that all calculations for purposes of clause (i) in the prior two paragraphs shall be with respect to fiscal years of the Company.

As used for purposes of Flight Benefits, the term "affiliates" of the Company means any entity controlled by, controlling, or under common control with the Company, it being understood that control of an entity shall require the direct or indirect ownership of a majority of the outstanding capital stock of such entity.

No tickets issued on the CO system in connection with the Flight Benefits may be purchased other than directly from the Company or its successor or successors (i.e., no travel agent or other fee or commission based distributor may be used), nor may any such tickets be sold or transferred by Executive or any other person, nor may any such tickets be used by any person other than the person in whose name the ticket is issued. Executive agrees that, after receipt of an invoice or other accounting statement therefor, he will promptly (and in any event within 45 days after receipt of such invoice or other accounting statement) reimburse the Company for all charges on his UATP card (or Similar Card) which are not for flights on the CO system and which are not otherwise reimbursable to Executive under the provisions of paragraph 3.4(i) hereof, or which are for tickets in excess of the applicable Annual Travel Limit. Executive agrees that the credit availability under Executive's UATP card (or Similar Card) may be suspended if Executive does not timely reimburse the Company as described in the foregoing sentence or if Executive exceeds the applicable Annual Travel Limit with respect to a year; provided, that, immediately upon the Company's receipt of Executive's reimbursement in full (or, in the case of exceeding the applicable Annual Travel Limit, beginning the next following year and after such reimbursement), the credit availability under Executive's UATP card (or Similar Card) will be restored.

The sole cost to Executive of flights on the CO system pursuant to use of Executive's Flight Benefits will be the imputed income with respect to flights on the CO system charged on Executive's UATP card (or Similar Card), calculated throughout the term of Executive's Flight Benefits at the lowest published fare (i.e., 21 day advance purchase coach fare, lowest negotiated consolidator net fare or other lowest available fare) for the applicable itinerary (or similar flights on or around the date of such flight), regardless of the actual fare class booked or flown, or as otherwise required by law, and reported to Executive as required by applicable law. With respect to any period for which the Company is obligated to provide the tax gross up described above, Executive will provide to the Company, upon request, a calculation or other evidence of Executive's marginal tax rate sufficient to permit the Company to calculate accurately the amount to be paid to Executive.

Executive will be issued a UATP card (or Similar Card), a Platinum Elite OnePass Card (or similar highest category successor frequent flyer card), a membership card in the Company's Presidents Club (or any successor program maintained in the CO system) for Executive and Executive's spouse, and an appropriate flight pass identification card, each valid at all times during the term of Executive's Flight Benefits."

3. The Existing Agreement, as amended by this Amendment, is hereby ratified and confirmed and shall continue in full force and effect in accordance with its terms.

CONTINENTAL AIRLINES, INC.

By: _____
Gordon M. Bethune
Chief Executive Officer

EXECUTIVE

Jeffery A. Smisek

Supplemental Agreement No. 11

to

Purchase Agreement No. 1951

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 737 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of May 14, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (Buyer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement), as amended and supplemented, relating to Boeing Model 737-500, 737-600, 737-700, 737-800, and 737-900 aircraft (the Aircraft); and

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

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

WHEREAS, Boeing and Buyer have mutually agreed that the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] as described in Paragraph 3 of Letter Agreement 6-1162-GOC-131R2; and

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

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

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

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

WHEREAS, Boeing and Buyer have mutually agreed that the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] as described in Paragraph 3 of Letter Agreement 6-1162-GOC-131R2; and

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

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

1. Table of Contents and Articles:

1.1 Remove and replace, in its entirety, the "Table of

Contents", with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 11.

1.2 Remove and replace, in its entirety, page T-2 of Table 1 entitled "Aircraft Deliveries and Descriptions" that relates to Model 737-700 Aircraft with new page T-2 attached hereto for the Model 737-700 Aircraft reflecting the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.3 Remove and replace, in its entirety, page T-3 of Table 1 entitled "Aircraft Deliveries and Descriptions" that relates to Model 737-800 Aircraft with new page T-3 attached hereto for the Model 737-800 Aircraft reflecting the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 1951-3R6, "Option Aircraft - Model 737-824 Aircraft" with Letter Agreement 1951-3R7, "Option Aircraft - Model 737-824 Aircraft", attached hereto, to reflect the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

2.2 Remove and replace, in its entirety, Letter Agreement 1951-9R4, "Option Aircraft - Model 737-724 Aircraft" with Letter Agreement 1951-9R5, "Option Aircraft - Model 737-724 Aircraft", attached hereto, to reflect the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

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

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

THE BOEING COMPANY CONTINENTAL AIRLINES, INC.

By: /s/ D. M. Hurt By: /s/ Brian Davis

Its: Attorney-In-Fact Its: Vice President

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FILED SEPARATELY WITH THE SECURITIES
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Supplemental Agreement No. 11.	May 14, 1999

Table 1 to
Purchase Agreement 1951
Aircraft Deliveries and Descriptions
Model 737-700 Aircraft
CFM56-7B24 Engines
Detail Specification No. D6-38808-42 dated January 6, 1997
Exhibit A-1

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

1951-3R7
May 14, 1999

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

Subject: Letter Agreement No. 1951-3R7 to
Purchase Agreement No. 1951 -
Option Aircraft - Model 737-824 Aircraft

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737-824 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 1951-3R6 dated March 19, 1999.

All terms used and not defined herein shall have the same meaning as in the Agreement.

In consideration of Buyer's purchase of the Aircraft, Boeing hereby agrees to manufacture and sell up to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] additional Model 737-824 Aircraft (the Option Aircraft) to Buyer, on the same terms and conditions set forth in the Agreement, except as otherwise described in Attachment A hereto, and subject to the terms and conditions set forth below.

1. Delivery.

The Option Aircraft will be delivered to Buyer during or before the months set forth in the following schedule:

Month and Year of Delivery	Number of Option Aircraft
-------------------------------	------------------------------

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

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

3. Option Aircraft Deposit.

In consideration of Boeing's grant to Buyer of options to purchase the Option Aircraft as set forth herein, Buyer will pay a deposit to Boeing of \$200,000 for each Option Aircraft (the Option Deposit) on the date of this Letter Agreement. In the event Buyer exercises an option herein for an Option Aircraft, the amount of the Option Deposit for such Option Aircraft will be credited against the first advance payment due for such Option Aircraft pursuant to the advance payment schedule set forth in Article 5 of the Agreement.

In the event that Buyer does not exercise its option to purchase a particular Option Aircraft pursuant to the terms and conditions set forth herein, Boeing shall be entitled to retain the Option Deposit for such Option Aircraft.

4. Option Exercise.

To exercise its option to purchase the Option Aircraft, Buyer shall give written notice thereof to Boeing on or before the first business day of the month in each Option Exercise Date shown below:

Option Aircraft	Option Exercise Date
-----------------	----------------------

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

5. Contract Terms.

Within thirty (30) days after Buyer exercises an option to purchase Option Aircraft pursuant to paragraph 4 above, Boeing and Buyer will use their best reasonable efforts to enter into a supplemental agreement amending the Agreement to add the applicable Option Aircraft to the Agreement as a firm Aircraft (the Option Aircraft Supplemental Agreement).

In the event the parties have not entered into such an Option Aircraft Supplemental Agreement within the time period contemplated herein, either party shall have the right, exercisable by written or telegraphic notice given to the other within ten (10) days after such period, to cancel the purchase of such Option Aircraft.

6. Cancellation of Option to Purchase.

Either Boeing or Buyer may cancel the option to purchase an Option Aircraft if any of the following events are not accomplished by the respective dates contemplated in this Letter Agreement, or in the Agreement, as the case may be:

- (i) purchase of the Aircraft under the Agreement for any reason not attributable to the cancelling party;
- (ii) payment by Buyer of the Option Deposit with respect to such Option Aircraft pursuant to paragraph 3 herein; or
- (iii) exercise of the option to purchase such Option Aircraft pursuant to the terms hereof.

Any cancellation of an option to purchase by Boeing which is based on the termination of the purchase of an Aircraft under the Agreement shall be on a one-for-one basis, for each Aircraft so terminated.

Cancellation of an option to purchase provided by this letter agreement shall be caused by either party giving written notice to the other within ten (10) days after the respective date in question. Upon receipt of such notice, all rights and obligations of the parties with respect to an Option Aircraft for which the option to purchase has been cancelled shall thereupon terminate.

Boeing shall promptly refund to Buyer, without interest, any payments received from Buyer with respect to the affected Option Aircraft. Boeing shall be entitled to retain the Option Deposit unless cancellation is attributable to Boeing's fault, in which case the Option Deposit shall also be returned to Buyer without interest.

7. Applicability.

Except as otherwise specifically provided, limited or excluded herein, all Option Aircraft that are added to the Agreement by an Option Aircraft Supplemental Agreement as firm Aircraft shall benefit from all the applicable terms, conditions and provisions of the Agreement.

If the foregoing accurately reflects your understanding of the matters treated herein, please so indicate by signature below.

Very truly yours,

THE BOEING COMPANY

By /s/ D. M. Hurt
Its Attorney In Fact

ACCEPTED AND AGREED TO this

Date: May 14, 1999

CONTINENTAL AIRLINES, INC.,

By /s/ Brian Davis

Its Vice President

Attachment

Model 737-824 Aircraft

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft are described by Boeing Detail Specification D6-38808, Revision E, dated September 15, 1995, as amended and revised pursuant to the Agreement.

1.2 Changes. The Option Aircraft Detail Specification shall be revised to include:

(1) Changes applicable to the basic Model 737-800 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of an Option Aircraft Supplemental Agreement.

(2) Changes mutually agreed upon.

(3) Changes required to obtain a Standard Certificate of Airworthiness.

1.3 Effect of Changes. Changes to the Detail Specification pursuant to the provisions of the clauses above shall include the effects of such changes upon Option Aircraft weight, balance, design and performance.

2. Price Description.

2.1 Price Adjustments.

2.1.1 Base Price Adjustments. The base aircraft price (pursuant to Article 3 of the Agreement) of the Option Aircraft will be adjusted to Boeing's and the engine manufacturer's then-current prices as of the date of execution of the Option Aircraft Supplemental Agreement.

2.1.2 Special Features. The price for special features incorporated in the Option Aircraft Detail Specification will be adjusted to Boeing's then-current prices for such features as of the date of execution of the Option Aircraft Supplemental Agreement [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.1.3 Escalation Adjustments. The base airframe and special features price will be escalated according to the applicable airframe and engine manufacturer escalation provisions contained in Exhibit D of the Agreement.

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

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

2.1.5 BFE to SPE. An estimate of the total price for items of Buyer Furnished Equipment (BFE) changed to Seller Purchased Equipment (SPE) pursuant to the Detail Specification is included in the Option Aircraft price build-up. The purchase price of the Option Aircraft will be adjusted by the price charged to Boeing for such items plus 10% of such price.

3. Advance Payments.

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

1951-9R5
May 14, 1999

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

Subject: Letter Agreement No. 1951-9R5 to
Purchase Agreement No. 1951 -
Option Aircraft - Model 737-724 Aircraft

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1951 dated July 23, 1996(the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737-724 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 1951-9R4 dated March 19, 1999.

All terms used and not defined herein shall have the same meaning as in the Agreement.

In consideration of Buyer's purchase of the Aircraft, Boeing hereby agrees to manufacture and sell up to - thirty-five (35) additional Model 737-724 Aircraft (the Option Aircraft) to Buyer, on the same terms and conditions set forth in the Agreement, except as otherwise described in Attachment A hereto, and subject to the terms and conditions set forth below.

1. Delivery.

The Option Aircraft will be delivered to Buyer during or before the months set forth in the following schedule:

Month and Year of Delivery	Number of Option Aircraft
-------------------------------	------------------------------

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

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

3. Option Aircraft Deposit.

In consideration of Boeing's grant to Buyer of options to purchase the Option Aircraft as set forth herein, Buyer will pay a deposit to Boeing of \$200,000 for each Option Aircraft (the Option Deposit) on the date of this Letter Agreement. In the event Buyer exercises an option herein for an Option Aircraft, the amount of the Option Deposit for such Option Aircraft will be credited against the first advance payment due for such Option Aircraft pursuant to the advance payment schedule set forth in Article 5 of the Agreement.

In the event that Buyer does not exercise its option to purchase a particular Option Aircraft pursuant to the terms and conditions set forth herein, Boeing shall be entitled to retain the Option Deposit for such Option Aircraft.

4. Option Exercise.

To exercise its option to purchase the Option Aircraft, Buyer shall give written notice thereof to Boeing on or before the first business day of the month in each Option Exercise Date shown below:

Option Aircraft	Option Exercise Date
-----------------	----------------------

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

5. Contract Terms.

Within thirty (30) days after Buyer exercises an option to purchase Option Aircraft pursuant to paragraph 4 above, Boeing and Buyer will use their best reasonable efforts to enter into a supplemental agreement amending the Agreement to add the applicable Option Aircraft to the Agreement as a firm Aircraft (the Option Aircraft Supplemental Agreement).

In the event the parties have not entered into such an Option Aircraft Supplemental Agreement within the time period contemplated herein, either party shall have the right, exercisable by written or telegraphic notice given to the other within ten (10) days after such period, to cancel the purchase of such Option Aircraft.

6. Cancellation of Option to Purchase.

Either Boeing or Buyer may cancel the option to purchase an Option Aircraft if any of the following events are not accomplished by the respective dates contemplated in this Letter Agreement, or in the Agreement, as the case may be:

- (i) purchase of the Aircraft under the Agreement for any reason not attributable to the cancelling party;
- (ii) payment by Buyer of the Option Deposit with respect to such Option Aircraft pursuant to paragraph 3 herein; or
- (iii) exercise of the option to purchase such Option Aircraft pursuant to the terms hereof.

Any cancellation of an option to purchase by Boeing which is based on the termination of the purchase of an Aircraft under the Agreement shall be on a one-for-one basis, for each Aircraft so terminated.

Cancellation of an option to purchase provided by this letter agreement shall be caused by either party giving written notice to the other within ten (10) days after the respective date in question. Upon receipt of such notice, all rights and obligations of the parties with respect to an Option Aircraft for which the option to purchase has been cancelled shall thereupon terminate.

Boeing shall promptly refund to Buyer, without interest, any payments received from Buyer with respect to the affected Option Aircraft. Boeing shall be entitled to retain the Option Deposit unless cancellation is attributable to Boeing's fault, in which case the Option Deposit shall also be returned to Buyer without interest.

7. Applicability.

Except as otherwise specifically provided, limited or excluded herein, all Option Aircraft that are added to the Agreement by an Option Aircraft Supplemental Agreement as firm Aircraft shall benefit from all the applicable terms, conditions and provisions of the Agreement.

If the foregoing accurately reflects your understanding of the matters treated herein, please so indicate by signature below.

Very truly yours,

THE BOEING COMPANY

By /s/ D. M. Hurt
Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 14, 1999

CONTINENTAL AIRLINES, INC.,

By /s/ Brian Davis

Its Vice President

Attachment

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft are described by Boeing Detail Specification D6-38808-42, dated as of January 6, 1997, as amended and revised pursuant to the Agreement.

1.2 Changes. The Option Aircraft Detail Specification shall be revised to include:

(1) Changes applicable to the basic Model 737-700 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of an Option Aircraft Supplemental Agreement.

(2) Changes mutually agreed upon.

(3) Changes required to obtain a Standard Certificate of Airworthiness.

1.3 Effect of Changes. Changes to the Detail Specification pursuant to the provisions of the clauses above shall include the effects of such changes upon Option Aircraft weight, balance, design and performance.

2. Price Description.

2.1 Price Adjustments.

2.1.1 Base Price Adjustments. The base aircraft price (pursuant to Article 3 of the Agreement) of the Option Aircraft will be adjusted to Boeing's and the engine manufacturer's then-current prices as of the date of execution of the Option Aircraft Supplemental Agreement.

2.1.2 Special Features. The price for special features incorporated in the Option Aircraft Detail Specification will be adjusted to Boeing's then-current prices for such features as of the date of execution of the Option Aircraft Supplemental Agreement [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

2.1.3 Escalation Adjustments. The base airframe and special features price will be escalated according to the applicable airframe and engine manufacturer escalation provisions contained in Exhibit D of the Agreement.

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

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

2.1.5 BFE to SPE. An estimate of the total price for items of Buyer Furnished Equipment (BFE) changed to Seller Purchased Equipment (SPE) pursuant to the Detail Specification is included in the Option Aircraft price build-up. The purchase price of the Option Aircraft will be adjusted by the price charged to Boeing for such items plus 10% of such price.

3. Advance Payments.

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

Supplemental Agreement No. 2

to

Purchase Agreement No. 2060

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 767-400ER Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of June 8, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (Customer);

WHEREAS, the parties hereto entered into Purchase Agreement No. 2060 dated October 10, 1997, (the Purchase Agreement) relating to Boeing Model 767-400ER aircraft, (Aircraft); and

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

WHEREAS, Boeing and Customer wish to update the Agreement to reflect the finalized configuration of the Aircraft; and

WHEREAS, Boeing and Customer wish to update the Agreement to reflect the Installation of Cabin Systems Equipment; and

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

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

1. Table of Contents:

Remove and replace, in its entirety, the "Table of Contents", with the Table of Contents attached hereto, to reflect the changes made by this Supplemental Agreement No. 2.

2. Table 1:

Remove and replace, in its entirety, "Table 1, Aircraft Delivery, Description, Price and Advance Payments" with the revised "Table 1, Aircraft Delivery, Description, Price and Advance Payments", attached hereto, to reflect the revised delivery schedule for the Aircraft and certain other changes.

3. Exhibits:

Exhibit A is deleted in its entirety and the revised Exhibit A (attached hereto) is substituted in lieu thereof.

4. Letter Agreements:

Add Letter Agreement 6-1162-JMG-165, "Installation of Cabin Systems Equipment" to incorporate the agreement regarding Cabin Systems Equipment.

5. Payment of Additional Advance Payments:

Within three (3) business days after execution of this Supplemental Agreement, Buyer shall transfer to Boeing's account at Chase Manhattan Bank, New York, N.Y., the sum of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND

EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], which sum represents advance payments then due with respect the changes to the Advanced Payment Base Price.

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/ J. A. McGarvey

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President_____

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- B. Aircraft Delivery Requirements and Responsibilities

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- BFE1. BFE Variables
- CS1. Customer Support Variables
- EE1. Engine Escalation/Engine Warranty and Patent Indemnity

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

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TREATMENT]
- 6-1162-GOC-085 [CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
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TREATMENT]
- 6-1162-GOC-086 Special Matters

SUPPLEMENTAL AGREEMENTS

Dated as of:

- Supplemental Agreement No. 1 December 18, 1997
- Supplemental Agreement No. 2 June 8, 1999

Table 1

to Purchase Agreement No. 2060

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]

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

CONTINENTAL AIRLINES, INC.

Exhibit A to Purchase Agreement Number 2060

AIRCRAFT CONFIGURATION

Dated June 1999

relating to

BOEING MODEL 767-400ER AIRCRAFT

The Detail Specification is Boeing Detail Specification D019T001-CAL-64E1 dated as of even date herewith. Such Detail Specification will be comprised of Boeing Configuration Specification D019T003, revision A, dated March 13, 1997 as amended to incorporate the Options listed below, including the effects on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). Such Options are set forth in Boeing Document D019TCR1-CAL-64E1. As soon as practicable, Boeing will furnish to Buyer copies of the Detail Specification, which copies will reflect such Options. The Aircraft Basic Price reflects and includes all effects of such Options, except such Aircraft Basic Price does not include the price effects of any Buyer Furnished Equipment or Seller Purchased Equipment.

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

June 8, 1999
6-1162-JMG-165

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

Subject: Installation of Cabin Systems Equipment

Reference: Purchase Agreement No. 2060 (the Purchase Agreement)
between The Boeing Company (Boeing) and Continental
Airlines, Inc. (Customer) relating to Model 767-400
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.

Customer has requested that Boeing install in the Aircraft the inflight entertainment and cabin communications systems (IFE/CCS) described in Attachment A to this Letter Agreement.

Because of the complexity of the IFE/CCS, special attention and additional resources will be required during the development, integration, certification, and manufacture of the Aircraft to achieve proper operation of the IFE/CCS at the time of delivery of the Aircraft. To assist Customer, Boeing will perform the functions of project manager (the Project Manager) as set forth in Attachment B, according to the requirement of Attachment C.

1. Responsibilities.

1.1 Customer will:

1.1.1 Provide Customer's IFE/CCS system requirements to Boeing;

1.1.2 Select the IFE/CCS suppliers (Suppliers) from among those suppliers identified in the Change Requests listed in Attachment A to this Letter Agreement as otherwise formally offered by Boeing.

1.1.3 Promptly after selecting Suppliers, participate with Boeing in meetings with Suppliers to ensure that Supplier's functional system specifications meet Customer's and Boeing's respective requirements. Such functional systems specifications define functionality to which Boeing will test prior to delivery but is not a guarantee of functionality at delivery;

1.1.4 Select Supplier part numbers;

1.1.5 Negotiate and obtain agreements on product assurance, product support following Aircraft delivery (including spares support), and any other special business arrangements directly with Suppliers;

1.1.6 Provide pricing information for part numbers selected above to Boeing by a mutually selected date;

1.1.7 Negotiate and obtain agreements with any required service providers; and

1.1.8 Include in Customer's contract with any seat supplier a condition obligating such seat supplier to enter into and comply with a Boeing approved bonded stores agreement. This bonded stores agreement will set forth the procedures concerning the use, handling and storage for the Boeing owned IFE/CCS equipment during the time such equipment is under the seat supplier's control.

1.1.9 Authorize Boeing to obtain production IFE/CCS spares for test and or rejection replacement as follows:
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] overage for in-seat LCD monitors, in-seat cables, handsets, cord reels, and remote jacks; [CONFIDENTIAL

MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] overage for seat boxes; and, one each of the head-end equipment. Unused parts will be returned to the Customer with the aircraft delivery and any parts returned to the supplier for repair will be returned to the Customer, at no further cost, after aircraft delivery.

1.2 Boeing will:

1.2.1 Perform the Project Manager functions stated in Attachment B;

1.2.2 Provide Aircraft interface requirements to Suppliers;

1.2.3 Assist Suppliers in the development of their IFE/CCS system specifications and approve such specifications;

1.2.4 Negotiate terms and conditions (except for price, product assurance, product support following Aircraft delivery and any other special business arrangements) and enter into contracts with Suppliers and manage such contracts for the IFE/CCS;

1.2.5 Coordinate the resolution of technical issues with Suppliers;

1.2.6 Ensure that at time of Aircraft delivery the IFE/CCS configuration meets the requirements of the Options contained in Attachment A to this Letter Agreement as such Attachment A may be amended from time to time; and

1.2.7 Obtain FAA certification of the Aircraft with the IFE/CCS installed therein.

2. Software.

IFE/CCS systems may contain software of the following two types.

2.1 Systems Software. The software required to operate and certify the IFE/CCS systems on the Aircraft is the Systems Software and is part of the IFE/CCS.

2.2 Customer's Software. The software accessible to the Aircraft passengers which controls Customer's specified optional features is Customer's Software and is not part of the IFE/CCS.

2.2.1 Customer is solely responsible for specifying Customer's Software functional and performance requirements and ensuring that Customer's Software meets such requirements. Customer and Customer's Software supplier will have total responsibility for the writing, certification, modification, revision, or correction of any of Customer's Software. Boeing will not perform the functions and obligations described in paragraph 1.2 above, nor the Project Manager's functions described in Attachment B, for Customer's Software.

2.2.2 The omission of any Customer's Software or the lack of any functionality of Customer's Software will not be a valid condition for Customer's rejection of the Aircraft at the time of Aircraft delivery.

2.2.3 Boeing has no obligation to approve any documentation to support Customer's Software certification. Boeing will only review and operate Customer's Software if in Boeing's reasonable opinion such review and operation is necessary to certify the IFE/CCS system on the Aircraft.

2.2.4 Boeing will not be responsible for obtaining FAA certification for Customer's Software.

3. Changes.

3.1 After Boeing and Supplier have entered into a contract for the purchase of the IFE/CCS, changes to such contract may only be made by Boeing. Any Customer request for changes to the IFE/CCS specification after the Boeing/Supplier contract has been signed must be made in writing directly to Boeing. Boeing shall respond to such request by Customer in a timely manner. If such change is

technically feasible and Boeing has the resources and time to incorporate such change, then Boeing shall negotiate with the Supplier to incorporate such change into the contract for the IFE/CCS. Any Supplier price increase resulting from such a change will be negotiated between Customer and Supplier.

3.2 Boeing and Customer recognize that the developmental nature of the IFE/CCS may require changes to the IFE/CCS or the Aircraft in order to ensure (i) compatibility of the IFE/CCS with the Aircraft and all other Aircraft systems, and (ii) FAA certification of the Aircraft with the IFE/CCS installed therein. In such event Boeing will notify Customer and recommend to Customer the most practical means for incorporating any such change. If within 15 days after such notification Customer and Boeing through negotiations cannot mutually agree on the incorporation of any such change or alternate course of action, then the remedies available to Boeing in Paragraph 6 shall apply.

3.3 The incorporation into the Aircraft of any mutually agreed change to the IFE/CCS may result in Boeing adjusting the price of the Change Request contained in Attachment A to this Letter Agreement.

3.4 Boeing's obligation to obtain FAA certification of the Aircraft with the IFE/CCS installed is limited to the IFE/CCS as described in Attachment A, as Attachment A may be amended from time to time.

4. Supplier Defaults.

Boeing shall notify Customer in a timely manner in the event of a default by a Supplier under the Supplier's contract with Boeing. Within 15 days of Customer's receipt of such notification, Boeing and Customer shall agree through negotiations on an alternative Supplier or other course of action. If Boeing and Customer are unable to agree on an alternative Supplier or course of action within such time, the remedies available to Boeing in Paragraph 6 shall apply.

5. Exhibits B and C to the AGTA.

IFE/CCS is deemed to be BFE for the purposes of Exhibit B, Customer Support Document, and Exhibit C, the Product Assurance Document, of the AGTA.

6. Boeing's Remedies.

If Customer does not comply with any of its obligations set forth herein, Boeing may:

6.1 delay delivery of the Aircraft pursuant to the provisions of Article 7, Excusable Delay, of the AGTA; or

6.2 deliver the Aircraft without part or all of the IFE/CCS installed, or with part or all of the IFE/CCS inoperative.

6.3 increase the Aircraft Price by the amount of Boeing's additional costs attributable to such noncompliance.

7. Advance Payments.

7.1 Estimated Price for the IFE/CCS. An estimated price for the IFE/CCS purchased by Boeing will be included in the Aircraft Advance Payment Base Price to establish the advance payments for each Aircraft. The estimated price for the Boeing purchased IFE/CCS installed on each Aircraft by Change Requests listed in Attachment A is [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] U.S. dollars expressed in 1995 dollars.

7.2 Aircraft Price. The Aircraft Price will include the actual IFE/CCS prices and any associated transportation costs charged Boeing by Suppliers.

8. Customer's Indemnification of Boeing.

Customer will indemnify and hold harmless Boeing from and against all claims and liabilities, including costs and expenses (including attorneys' fees) incident thereto or incident to successfully establishing the right to indemnification, for injury to or death of any person or persons, including employees of

Customer but not employees of Boeing, or for loss of or damage to any property, including Aircraft, arising out of or in any way connected with any nonconformance or defect in any IFE/CCS, and whether or not arising in tort or occasioned in whole or in part by the negligence of Boeing. This indemnity will not apply with respect to any nonconformance or defect caused solely by Boeing's installation of the IFE/CCS.

9. Title and Risk of Loss.

Title and risk of loss of IFE/CCS equipment will remain with Boeing until the Aircraft title is transferred to Customer.

If the foregoing correctly sets forth your understanding of our agreement with respect to the matters treated above, please indicate your acceptance and approval below.

Very truly yours,

THE BOEING COMPANY

By /s/ J. A. McGarvey

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 8, 1999

CONTINENTAL AIRLINES, INC.

By /s/ Brian Davis

Its Vice President

Attachment A
Cabin Systems Equipment

The following Options describe the items of equipment that under the terms and conditions of this Letter Agreement are considered to be IFE/CCS. Final configuration will be based on Customer acceptance of any or all options listed below.

Option Numbers and Titles

2318A045B85 Cabin Telecommunication - Cabin Telecommunication Unit
- - Matsushita

2331-000614 Passenger Address - Passenger Address (PA) System -
Rockwell Collins - Dual Class

2331A045B16 Passenger Address - Pre-Recorded Announcement And
Boarding Music System M - Matsushita

2332-002405 Video Entertainment - Interactive In-Seat Video System
- - Partial Provisions - Forward Cabin

2332-002406 Video Entertainment - Interactive In-Seat Video System
- - Partial Provisions - Mid Cabin

2332-002408 Video Entertainment - Interactive In-Seat Video System
- - Partial Provisions - Aft. Cabin

2332-002423 Video Entertainment - Overhead Video System - Partial
Provisions - Video Distribution Unit (VDU) Based Systems

2332-002717 Video Entertainment - Passenger Flight Information
System (PFIS) - Airshow 420

2332A045B14 Video Entertainment - In-Seat Video System - Matsushita
- - With Matsushita 16 Channel CD Player

2332A045B83 Video Entertainment - Video Entertainment - Overhead
Video System - Matsushita

2454A237A06 Electrical Power Outlet For Personal Computer -
Installation - Business Class And 8 Rows Of Economy Class Passenger
Seats

Attachment B
Project Manager

This Attachment B describes the functions that Boeing will perform as Project Manager to support (i) the development and integration of the IFE/CCS and (ii) the FAA certification of the IFE/CCS when installed on the Aircraft.

1. Project Management

Boeing will perform the following functions for the IFE/CCS. Boeing will have authority to make day-to-day management decisions, and decisions on technical details which in Boeing's reasonable opinion do not significantly affect form, fit, function, cost or aesthetics. Boeing will be responsible for:

- A. Managing the development of all program schedules;
- B. Evaluating and approving Supplier's program management and developmental plans;
- C. Defining program metrics and status requirements;
- D. Scheduling and conducting program status reviews;
- E. Scheduling and conducting design and schedule reviews with Customer and Suppliers;
- F. Monitoring compliance with schedules;
- G. Evaluating and approving any recovery plans or plan revisions which may be required of either Suppliers or Customer;

- H. Leading the development of a joint IFE/CCS project management plan (the Program Plan) and;
- I. Managing the joint development of the System Specification

2. System Integration

Boeing's performance as Project Manager will include the functions of systems integrator (Systems Integrator). As Systems Integrator Boeing will perform the following functions:

- A. As required, assist Suppliers in defining their system specifications for the IFE/CCS, approve such specifications and develop an overall system functional specification;
- B. Coordinate Boeing, Customer and Supplier teams to ensure sufficient Supplier and Supplier sub system testing and an overall cabin system acceptance test are included in the Program Plan; and
- C. Organize and conduct technical coordination meetings with Customer and Suppliers to review responsibilities, functionality, Aircraft installation requirements and overall program schedule, direction and progress.

3. Seat Integration

- A. Boeing will coordinate the interface requirements between seat suppliers and Suppliers. Interface requirements are defined in Boeing Document Nos. D6-36230, "Passenger Seat Design and Installation"; D6-36238, "Passenger Seat Structural Design and Interface Criteria"; D222W232, "Seat Wiring and Control Requirements"; and D222W013-4, "Seat Assembly Functional Test Plan".
- B. The Suppliers will be required to coordinate integration testing and provide seat assembly functional test procedures for seat electronic parts to seat suppliers and Boeing, as determined by Boeing.
- C. The Suppliers will assist the seat suppliers in the preparation of seat assembly functional test plans.

Attachment C Continental Airlines 767-400 Critical Impact Events

The Contingency Plan is the alternate course of action which will be implemented if the critical decision date is not met or other course of action is not agreed to by Boeing and Buyer. The critical impact events listed below are milestones which must be met by IFE and BFE Seat Suppliers to achieve the in-sequence installation of the IFE. The Required Due Dates in such tables are the dates on which Boeing begins to incur disruption costs. The Critical Decision Dates are the dates after which the critical impact event cannot be accomplished to maintain the delivery schedule and/or full system testing, certification or installation. A meeting to discuss a recovery plan cost impact and/or an alternate course of action will be held within one week of knowledge of delinquency or impending delinquency.

Event	Required Due Date	Critical Decision Date	Contingency Plan
Approvable seat dynamic test plan submitted	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		Assess out-of -sequence charges
Abuse load test hardware on-dock at seat supplier			Assess out-of -sequence charges
Dynamic test hardware on-dock at seat supplier			Assess out-of -sequence charges
Cable routing data from seat Suppliers to Boeing and Matsushita			IFE/Passenger Service System - inoperative at Delivery
Seat dynamic test conduct			Deliver airplane without seats - installed (zero passenger) or assess out-of sequence charges

Attachment C (continued)
 Continental Airlines 767-400
 Critical Impact Events

Event	Required Due Date	Critical Decision Date	Contingency Plan
Seat abuse load test plan approval	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		Assess out-of-sequence charges
Seat abuse load test conduct		Deliver airplane without seats installed (zero passenger) or assess out-of sequence charges	
Seat dynamic test report submittal			Assess out-of-sequence charges
Seat abuse load test report submittal			Assess out-of-sequence charges
IFE production hardware on-dock at seat supplier			
Seats on-dock (complete and in-seat IFE hardware functionality tested) at Boeing			Deliver airplane without seats installed (zero passenger) or assess additional out-of-sequence charges

Attachment C (continued)
Continental Airlines 767-400
Critical Impact Events

Event	Required Due Date	Critical Decision Date	Contingency Plan
VCC structural substantiation plan to Boeing	[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]		Assess out-of-sequence charges
VCC general arrangement drawings to Boeing			Assess out-of-sequence charges
Initial interface loads analysis to Boeing			Assess out-of-sequence charges
VCC approvable drawings submitted			Assess out-of-sequence charges
Final interface loads analysis submittal			Assess out-of-sequence charges or no VCC installed at delivery and IFE inoperative
VCC stress analysis submittal			Assess out-of-sequence charges or no VCC installed at delivery and IFE inoperative
VCC FAI			Assess out-of-sequence charges
VCC on dock at Boeing			Assess additional out-of-sequence charges or deliver airplane without VCC and IFE inoperative

Supplemental Agreement No. 6

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 May 14, 1999, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and CONTINENTAL AIRLINES, INC., a Delaware corporation with its principal office in Houston, Texas (Customer);

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

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

WHEREAS, Boeing and Customer have mutually agreed to reschedule the delivery of the [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Option Aircraft to the years [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT];

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

1. Table of Contents:

Remove and replace, in its entirety, the "Table of Contents", with the "Table of Contents" attached hereto, to reflect the changes made by this Supplemental Agreement No. 6.

2. Letter Agreements:

Remove and replace, in its entirety, Letter Agreement 2061-1R2 "Option Aircraft" with the revised Letter Agreement 2061-1R3, attached hereto, to reflect [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] and revised delivery of Option Aircraft.

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

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

THE BOEING COMPANY

CONTINENTAL AIRLINES, INC.

By: /s/ D. M. Hurt

By: /s/ Brian Davis

Its: Attorney-In-Fact

Its: Vice President

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

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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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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

May 14, 1999
2061-1R3

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

Subject: Option Aircraft

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

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 2061-1R2 dated February 3, 1999.

Boeing agrees to manufacture and sell to Customer additional Model 777-200IGW aircraft as Option Aircraft. The delivery months, number of aircraft, Advance Payment Base Price per aircraft and advance payment schedule are listed in the Attachment to this Letter Agreement (the Attachment).

1. Aircraft Description and Changes

1.1 Aircraft Description: The Option Aircraft are described by the Detail Specification listed in the Attachment.

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

- (i) Changes applicable to the basic Model 777 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of the definitive agreement to purchase the Option Aircraft;
- (ii) Changes required to obtain required regulatory certificates; and
- (iii) Changes mutually agreed upon.

2. Price

2.1 The pricing elements of the Option Aircraft are listed in the Attachment.

2.2 Price Adjustments.

2.2.1 Optional Features. The Optional Features Prices for the Option Aircraft will be adjusted to Boeing's current prices as of the date of execution of the definitive agreement for the Option Aircraft.

2.2.2 Escalation Adjustments. The Airframe Price and the Optional Features Prices for Option Aircraft delivering before January 2003, will be escalated on the same basis as the Aircraft.

The engine manufacturer's current escalation provisions, listed in Exhibit Supplement EE1 to the Purchase Agreement, have been estimated to the months of scheduled delivery using commercial forecasts to calculate the Advance Payment Base Price listed in the Attachment to this Letter Agreement. The engine escalation provisions will be revised if they are changed by the engine manufacturer prior to the signing of a definitive agreement for the Option Aircraft.

2.2.3 Base Price Adjustments. The Airframe Price and the Engine Price of the Option Aircraft delivering before January, 2003, will be adjusted to Boeing's and the engine manufacturer's then current prices as of the date of execution of the definitive agreement for the Option Aircraft.

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

3. Payment.

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

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

4. Option Exercise.

Customer may exercise an option by giving written notice to Boeing on or before the date [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] months prior to the first business day of the applicable delivery month listed in the Attachment (Option Exercise Date).

5. Contract Terms.

Boeing and Customer will use their best efforts to reach a definitive agreement for the purchase of an Option Aircraft, including the terms and conditions contained in this Letter Agreement, in the Purchase Agreement, and other terms and conditions as may be agreed upon to add the Option Aircraft to the Purchase Agreement as an Aircraft. In the event the parties have not entered into a definitive agreement within 30 days following option exercise, either party may terminate the purchase of such Option Aircraft by giving written notice to the other within 5 days. [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Very truly yours,

THE BOEING COMPANY

By /s/ D. M. Hurt

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 14, 1999

CONTINENTAL AIRLINES, INC.

By /s/ Brian Davis

Its Vice President

Attachment

Attachment to
Letter Agreement 2061-1R3 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]

6-MOS

DEC-31-1999

JUN-30-1999

1,259

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207

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919

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