

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, 2001

OR

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

Commission File Number 0-9781

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

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

1600 Smith Street, Dept. HQSEO

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

713-324-2950

(Registrant's telephone number, including area code)

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

As of July 6, 2001, 54,686,903 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		Six Months	
	<u>Ended June 30, ___</u>		<u>Ended June 30, ___</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(Unaudited)		(Unaudited)	
Operating Revenue:				
Passenger	\$2,420	\$2,424	\$4,726	\$4,561
Cargo, mail and other	<u>136</u>	<u>147</u>	<u>282</u>	<u>287</u>
	<u>2,556</u>	<u>2,571</u>	<u>5,008</u>	<u>4,848</u>
Operating Expenses:				
Wages, salaries and related costs	800	719	1,558	1,391
Aircraft fuel	349	313	694	647
Aircraft rentals	223	210	437	416
Maintenance, materials and repairs	162	171	322	330
Landing fees and other rentals	153	138	294	267
Reservations and sales	124	120	252	235
Depreciation and amortization	111	98	216	193
Commissions	106	141	220	274
Passenger servicing	96	91	187	176
Other	<u>295</u>	<u>284</u>	<u>615</u>	<u>570</u>
	<u>2,419</u>	<u>2,285</u>	<u>4,795</u>	<u>4,499</u>
Operating Income	<u>137</u>	<u>286</u>	<u>213</u>	<u>349</u>
Nonoperating Income (Expense):				
Interest expense	(72)	(63)	(144)	(127)
Interest income	13	21	28	43
Interest capitalized	15	15	30	27
Other, net	<u>(13)</u>	<u>(9)</u>	<u>(28)</u>	<u>(19)</u>
	<u>(57)</u>	<u>(36)</u>	<u>(114)</u>	<u>(76)</u>

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

Three Months

Six Months

	<u>Ended June 30, ___</u>		<u>Ended June 30, ___</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(Unaudited)		(Unaudited)	
Income before Income Taxes and Extraordinary Charge	\$ 80	\$ 250	\$ 99	\$ 273
Income Tax Provision	(36)	(97)	(44)	(106)
Distributions on Preferred Securities of Trust, net of applicable income taxes of \$1 and \$2, respectively	—(2)	— -	—(4)	— -
Income before Extraordinary Charge	42	153	51	167
Extraordinary Charge, Net of Applicable Income Taxes of \$2	-	(4)	-	(4)
Net Income	<u>\$ 42</u>	<u>\$ 149</u>	<u>\$ 51</u>	<u>\$ 163</u>
Basic Earnings per Share:				
Income Before Extraordinary Charge	\$ 0.77	\$ 2.52	\$ 0.93	\$ 2.68
Extraordinary Charge, net of tax	— -	(0.08)	— -	(0.07)
Net Income	<u>\$ 0.77</u>	<u>\$ 2.44</u>	<u>\$ 0.93</u>	<u>\$ 2.61</u>
Diluted Earnings per Share:				
Income Before Extraordinary Charge	\$ 0.74	\$ 2.46	\$ 0.91	\$ 2.64
Extraordinary Charge, net of tax	— -	(0.07)	— -	(0.07)
Net Income	<u>\$ 0.74</u>	<u>\$ 2.39</u>	<u>\$ 0.91</u>	<u>\$ 2.57</u>

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

CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except for share data)

ASSETS	June 30, <u>2001</u> (Unaudited)	December 31, <u>2000</u>	June 30, <u>2000</u> (Unaudited)
Current Assets:			
Cash and cash equivalents	\$1,008	\$1,371	\$1,319
Short-term investments	-	24	-
Accounts receivable, net	570	495	586
Spare parts and supplies, net	293	280	254
Deferred income taxes	142	137	132
Prepayments and other	<u>203</u>	<u>152</u>	<u>239</u>
Total current assets	<u>2,216</u>	<u>2,459</u>	<u>2,530</u>
Property and Equipment:			
Owned property and equipment:			
Flight equipment	5,017	4,597	3,780
Other	<u>1,018</u>	<u>990</u>	<u>910</u>
	6,035	5,587	4,690
Less: Accumulated depreciation	<u>1,077</u>	<u>1,025</u>	<u>923</u>
	<u>4,958</u>	<u>4,562</u>	<u>3,767</u>
Purchase deposits for flight equipment	<u>540</u>	<u>404</u>	<u>562</u>
Capital leases:			
Flight equipment	226	226	287
Other	<u>206</u>	<u>138</u>	<u>85</u>
	432	364	372
Less: Accumulated amortization	<u>180</u>	<u>167</u>	<u>184</u>
	<u>252</u>	<u>197</u>	<u>188</u>
Total property and equipment	<u>5,750</u>	<u>5,163</u>	<u>4,517</u>
Routes, Gates and Slots, net	<u>1,056</u>	<u>1,081</u>	<u>1,106</u>
Other Assets, net	<u>474</u>	<u>498</u>	<u>348</u>
Total Assets	<u>\$9,496</u>	<u>\$9,201</u>	<u>\$8,501</u>

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CONTINENTAL AIRLINES, INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except for share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	June 30, <u>2001</u> (Unaudited)	December 31, <u>2000</u>	June 30, <u>2000</u> (Unaudited)
Current Liabilities:			
Current maturities of long-term debt and capital leases	\$ 372	\$ 304	\$ 395
Accounts payable	946	1,016	922
Air traffic liability	1,369	1,125	1,317
Accrued payroll and pensions	288	297	273
Accrued other liabilities	<u>242</u>	<u>238</u>	<u>260</u>

Total current liabilities	<u>3,217</u>	<u>2,980</u>	<u>3,167</u>
Long-Term Debt and Capital Leases	<u>3,724</u>	<u>3,374</u>	<u>2,867</u>
Deferred Income Taxes	<u>837</u>	<u>787</u>	<u>692</u>
Other	<u>224</u>	<u>208</u>	<u>222</u>
Commitments and Contingencies			
Continental-Obligated Mandatorily			
Redeemable Preferred Securities of			
Subsidiary Trust Holding Solely	<u>243</u>	<u>242</u>	<u>-</u>
Convertible Subordinated Debentures (1)			
Redeemable Common Stock	<u>-</u>	<u>450</u>	<u>-</u>

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

	June 30, <u>2001</u> (Unaudited)	December 31, <u>2000</u>	June 30, <u>2000</u> (Unaudited)
Stockholders' Equity:			
Preferred Stock - \$.01 par, 10,000,000			
shares authorized; one share of Series B			
issued and outstanding as of June 30,	\$ -	\$ -	\$ -
2001, stated at par value			
Class A common stock - \$.01 par,			
50,000,000 shares authorized through			
January 22, 2001; 10,963,538 and			
11,143,587 shares issued and out-			

standing as of December 31, 2000 and	-	-	-
June 30, 2000, respectively			
Class B common stock - \$.01 par,			
200,000,000 shares authorized;			
80,125,882, 64,073,431 and			
63,923,431 shares issued as of			
June 30, 2001, December 31, 2000	1	1	1
and June 30, 2000, respectively			
Additional paid-in capital	868	379	840
Retained earnings	1,507	1,456	1,277
Accumulated other comprehensive income	15	13	32
Treasury stock - 25,442,529, 16,586,603			
and 14,983,808 Class B shares as of			
June 30, 2001, December 31, 2000 and	(1,140)	_(689)	_(597)
June 30, 2000, respectively, at cost			
Total common stockholders' equity	<u>1,251</u>	<u>1,160</u>	<u>1,553</u>
Total Liabilities and	<u>\$9,496</u>	<u>\$9,201</u>	<u>\$8,501</u>
Stockholders' Equity			

- The sole assets of the Trust are convertible subordinated debentures with an aggregate principal amount of \$250 million, which bear interest at the rate of 6% per annum and mature on November 15, 2030. Upon repayment of the debentures, the Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust will be mandatorily redeemed.

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

CONTINENTAL AIRLINES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Six Months	
	<u>Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>
	(Unaudited)	
Net cash provided by operating activities	\$ <u>390</u>	\$ <u>586</u>
Cash Flows from Investing Activities:		
Purchase deposits paid in connection with future aircraft deliveries	(227)	(306)
Purchase deposits refunded in connection with aircraft delivered	88	116
Capital expenditures	(289)	(207)
Proceeds from sale of short-term investments	24	202

Proceeds from sale of short-term investments	24	332
Other	(12)	1
Net cash used by investing activities	(416)	(4)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net	200	113
Payments on long-term debt and capital lease obligations	(128)	(343)
Purchase of Class B common stock	(451)	(274)
Proceeds from issuance of Class B common stock	51	39
Other	(9)	4
Net cash used by financing activities	(337)	(461)
Net Increase (Decrease) in Cash and Cash Equivalents	(363)	121
Cash and Cash Equivalents - Beginning of Period	1,371	1,198
Cash and Cash Equivalents - End of Period	\$1,008	\$1,319
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	\$ 276	\$ 114
Capital lease obligations incurred	\$ 69	\$ -

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, 2000 (the "2000 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	Six Months
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	<u>Ended June 30,</u>		<u>Ended June 30,</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
	(Unaudited)		(Unaudited)	
Numerator:				
Income before extraordinary charge	\$ 42	\$153	\$ 51	\$167
Extraordinary charge, net of income taxes	<u>—</u>	<u>—(4)</u>	<u>—</u>	<u>(4)</u>
Numerator for basic earnings per share - net income	42	149	51	163
Effect of dilutive securities:				
Distribution on Preferred Securities of Trust, net of income taxes	<u>—2</u>	<u>—</u>	<u>—4</u>	<u>—</u>
Numerator for diluted earnings per share - net income after assumed conversions	\$ <u>44</u>	\$ <u>149</u>	\$ <u>55</u>	\$ <u>163</u>
Denominator:				
Denominator for basic earnings per share - weighted-average shares	<u>54.2</u>	<u>60.9</u>	<u>54.6</u>	<u>62.1</u>
Effect of dilutive securities:				
Employee stock options	0.8	1.3	0.9	1.1
Potentially Dilutive Shares (Northwest Repurchase)	-	-	0.2	-
Preferred Securities of Trust	<u>4.2</u>	<u>—</u>	<u>4.2</u>	<u>—</u>
Dilutive potential common shares	<u>5.0</u>	<u>1.3</u>	<u>5.3</u>	<u>1.1</u>
Denominator for diluted earnings per share - adjusted weighted-average and assumed conversions	<u>59.2</u>	<u>62.2</u>	<u>59.9</u>	<u>63.2</u>

NOTE 2 - COMPREHENSIVE INCOME

The Company includes unrealized gains and losses on available-for-sale securities, changes in minimum pension liabilities and changes in the fair value of derivative financial instruments, which qualify for hedge accounting in other comprehensive income. During the second quarter of 2001 and 2000, total comprehensive income amounted to \$44 million and \$178 million, respectively.

For the six months ended 2001 and 2000, total comprehensive income amounted to \$53 million and \$196 million, respectively. During the first half of 2000, the significant difference between net income and total comprehensive income was attributable to the \$28 million net increase in fair value (net of applicable income taxes) related to fuel hedges held by the Company as of June 30, 2000.

NOTE 3 - AIRCRAFT PURCHASE COMMITMENTS

As shown in the following table, Continental's aircraft fleet consisted of 377 jets, 117 regional jets and 63 turboprop aircraft at June 30, 2001. Continental's purchase commitments (orders) as of June 30, 2001 are also shown below.

Aircraft Type	Total Aircraft	<u>Owned</u>	<u>Leased</u>	<u>Orders</u>	<u>Options</u>
777-200	16	4	12	2	4
767-400ER	5	3	2	19	-
767-200ER	8	7	1	2	10
757-300	-	-	-	15	5
757-200	41	13	28	-	-
737-900	1	-	1	14	15
737-800	60	17	43	33	36
737-700	36	12	24	5	27
737-500	66	15	51	-	-
737-300	65	14	51	-	-
DC10-30	14	3	11	-	-
MD-80	<u>65</u>	<u>17</u>	<u>48</u>	=	=
	<u>377</u>	<u>105</u>	<u>272</u>	<u>90</u>	<u>97</u>
ERJ-145XR	-	-	-	75	100
ERJ-145	90	18	72	59	-
ERJ-135	<u>27</u>	<u>-</u>	<u>27</u>	<u>23</u>	<u>-</u>
	<u>117</u>	<u>18</u>	<u>99</u>	<u>157</u>	<u>100</u>
ATR-42-320	31	9	22	-	-
EMB-120	19	9	10	-	-
Beech 1900-D	<u>13</u>	=	<u>13</u>	=	=
	<u>63</u>	<u>18</u>	<u>45</u>	=	=
Total	<u>557</u>	<u>141</u>	<u>416</u>	<u>247</u>	<u>197</u>

The Company anticipates taking delivery of 36 Boeing jet aircraft in 2001 (nine of which were placed in service during the first half of 2001) and the remainder of its firm orders through November 2005. The Company plans to retire 14 jet aircraft in 2001 (three of which were retired in the first half of 2001).

Continental's regional airline subsidiary, ExpressJet Airlines, Inc. (formerly known as Continental Express, Inc. and referred to herein as "Express"), anticipates taking delivery of 41 Embraer regional jets in 2001 (21 of which were placed in service in the first half of 2001) and the remainder of its firm orders through the fourth quarter of 2005. The Company plans to retire 21 turboprop aircraft in 2001 (seven of which were retired in the first half of 2001).

As of June 30, 2001, the estimated aggregate cost of the Company's firm commitments for Boeing aircraft was approximately \$4.2 billion. Continental currently plans to finance its new Boeing aircraft with a combination of enhanced pass through trust certificates, lease equity and other third-party financing, subject to availability and market conditions. As of June 30, 2001, Continental had approximately \$1.3 billion in financing arranged for such future Boeing deliveries. At that date, Continental also had commitments or letters of intent for backstop financing for approximately 25% of the anticipated remaining acquisition cost of such Boeing deliveries. In addition, at June 30, 2001, Continental had firm commitments to purchase 26 spare engines related to the new Boeing aircraft for approximately \$166 million, which will be deliverable through March 2005. However, further 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.

As of June 30, 2001, the estimated aggregate cost of Express's firm commitments for Embraer regional jet aircraft was approximately \$2.5 billion. Neither Express nor Continental has any obligation to take any such firm Embraer aircraft that are not financed by a third party and leased to Continental.

During the second quarter, the Company completed two offerings of pass-through certificates totaling \$901 million at an effective average interest rate of 6.87%. The proceeds will be used to finance (through either leveraged leases or secured debt financings) the debt portion of the acquisition cost of 21 new Boeing aircraft. These aircraft are scheduled for delivery from October 2001 to June 2002.

Continental has a commitment of \$283 million to finance six new Boeing aircraft to be delivered from July 2001 to February 2002.

On July 13, 2001, the Company priced an offering of \$200 million of pass-through certificates at an interest rate of 7.57%. The proceeds will be used for general corporate purposes.

NOTE 4 - SUBSEQUENT EVENTS

In connection with the initial public offering discussed below, ExpressJet Holdings, Inc. ("Holdings") will be the holder of all the capital stock of Express. Holdings is a wholly owned subsidiary of Continental.

Proposed Public Offering of Common Stock and Recapitalization. On July 10, 2001, Holdings filed a registration statement with the Securities and Exchange Commission for an initial public offering of Holdings' Class A common stock. In preparation for the initial public offering, Holdings will be authorized to issue shares of Class A common stock, par value \$.01 per share, and shares of Class B common stock, par value \$.01 per share. Each share of Class A common stock will be entitled to one vote per share and each share of Class B common stock will be entitled to four votes per share, subject to certain exceptions. Both Class A and Class B common stock will participate ratably in any dividends or distributions on the common stock. Each share of Class B common stock will be convertible while held by Continental or any of its affiliates, at the option of the holder thereof, into one share of Class A common stock.

Prior to the closing of the public offering, Salomon Smith Barney Inc. ("Salomon Smith Barney") expects to exchange debt obligations of Continental held by Salomon Smith Barney for shares of Holdings' Class A common stock held by Continental. To determine the number of shares of Holdings' Class A common stock Salomon Smith Barney would receive in any exchange, Salomon Smith Barney and Continental expect the debt obligations Salomon Smith Barney would hold to be valued at fair market value on the date any exchange agreement is signed. The Class A common stock Salomon Smith Barney would receive would be valued at a price expected to be the initial public offering price per share of Holdings' Class A common stock minus underwriting discounts and commissions. The purpose of the exchange, if it occurs, will be to retire a portion of Continental's outstanding indebtedness in a tax-efficient manner.

Continental intends to distribute its remaining ownership interest in Holdings to its stockholders soon after the six-month anniversary of the closing of the offering. The distribution is expected to take the form of a spin-off in which Continental would distribute all of the Holdings' Class A and Class B common stock owned by Continental through a tax free distribution to its common stockholders. Continental does not currently intend to complete the distribution unless it receives a favorable tax ruling from the Internal Revenue Service as to the tax-free nature of the distribution for U.S. federal income tax purposes.

Continental has filed a Current Report on Form 8-K with the Securities and Exchange Commission that includes unaudited pro forma condensed consolidated financial statements that give effect to its planned distribution of Holdings shares, the expected prepayment by Continental of \$150 million of its debt in connection with the planned offering, and the capacity purchase agreement between Continental and Express that became effective January 1, 2001. Based on these pro forma financial statements, if these transactions had been completed as of January 1, 2000, Continental's net income for the year 2000 would have been \$318 million, rather than \$342 million as reported. Similarly, if all of these transactions had been completed as of January 1, 2001, for the three months ended March 31, 2001, Continental would have broken even on a net income basis, as compared to earning net income of \$9 million as reported.

Recently Issued Accounting Standards. On July 5, 2001, the Financial Accounting Standards Board approved Financial Accounting Standard No. 142 - "Goodwill and Other Intangible Assets" ("SFAS 142"). SFAS 142 includes requirements to test goodwill and indefinite lived intangible assets for impairment rather than amortize them. SFAS 142 will be effective for fiscal years beginning

after December 15, 2001. The Company will adopt SFAS 142 beginning in the first quarter of 2002. The financial statement impact has not yet been determined.

Other. On July 10, 2001, in connection with its announcement of the proposed initial public offering and subsequent spin-off of Holdings, the Company announced the suspension of its previously announced stock repurchase program until a date to be announced in the future.

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

Operations.

The following discussion may contain forward-looking statements. In connection therewith, please see the risk factors set forth in the Company's 2000 10-K which identify important factors such as the Company's high leverage and significant financing needs, its historical operating results, the significant cost of aircraft fuel, labor costs, certain tax matters, general economic conditions, the Japanese economy and currency 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, including those listed above, that are not necessarily seasonal. The airline industry is currently experiencing a decline in traffic and yields, particularly business traffic (which has a higher yield than leisure traffic), due to general economic conditions. Management anticipates that softening economic conditions, domestically and globally, will continue to put pressure on the industry and the Company while those conditions continue. However, management believes the Company is well positioned to respond to market conditions in the event of a sustained economic downturn due to its flexible fleet plan, a strong cash balance and a well developed alliance network.

Initially, the Company planned to retire its last DC10-30 aircraft by November 2003. The current plan is to take the last five DC10-30 aircraft out of service, on an interim basis, by May 2002. These aircraft will remain a part of the Company's operating fleet.

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, 2001 as compared to the corresponding periods ended June 30, 2000.

Comparison of Three Months Ended June 30, 2001 to Three Months Ended June 30, 2000

The Company recorded consolidated net income of \$42 million for the three months ended June 30, 2001 as compared to consolidated net income of \$149 million for the three months ended June 30, 2000.

Passenger revenue decreased 0.2%, \$4 million, during the quarter ended June 30, 2001 as compared to the same period in 2000, which was principally due to a decrease in yield as a result of lower business traffic.

Cargo, mail and other revenue decreased 7.5%, \$11 million, in the second quarter of 2001 compared to the second quarter of 2000 primarily due to lower contract revenue from outside ground handling and lower freight and mail due to lower international volumes.

Wages, salaries and related costs increased 11.3%, \$81 million, during the quarter ended June 30, 2001 as compared to the same period in 2000, primarily due to a 5.5% increase in average full-time equivalent employees to support increased flying and higher wage rates.

Aircraft fuel expense increased 11.5%, \$36 million, in the three months ended June 30, 2001 as compared to the same period in the prior year. The average price per gallon increased 7.9% from 75.52 cents in the second quarter of 2000 to 81.49 cents in the second quarter of 2001. Jet fuel consumption increased 1.3% principally reflecting increased flight operations offset significantly by the fuel efficiency of the Company's younger fleet. During the second quarter of 2001 and 2000, the Company also recognized gains of approximately \$4 million and \$18 million, respectively, related to its fuel hedging program, which is reflected in fuel expense.

Aircraft rentals increased 6.2%, \$13 million, in the second quarter of 2001 compared to the second quarter of 2000, due to the delivery of new aircraft.

Maintenance, materials and repairs decreased 5.3%, \$9 million, during the quarter ended June 30, 2001 as compared to the same period in 2000 due to the volume and timing of aircraft overhauls as part of the Company's ongoing maintenance program.

Landing fees and other rentals increased 10.9%, \$15 million, in the three months ended June 30, 2001 as compared to the same period in the prior year primarily due to higher facilities rent and landing fees resulting from increased operations.

Reservations and sales increased 3.3%, \$4 million, in the three months ended June 30, 2001 as compared to the same period in 2000 due to higher credit card and booking fee rates.

Depreciation and amortization expense increased 13.3%, \$13 million, in the second quarter of 2001 compared to the second quarter of 2000 due principally to the addition of new owned aircraft and related spare parts.

Commissions expense decreased 24.8%, \$35 million in the second quarter of 2001 compared to the second quarter of 2000 due principally to lower domestic base rates and lower international rates due to commission caps.

Other operating expense increased 3.9%, \$11 million, in the three months ended June 30, 2001 as compared to the same period in the prior year, primarily as a result of increases in outsourced services and aircraft servicing, partially offset by lower advertising and publicity expenses.

Interest expense increased 14.3%, \$9 million, in the second quarter of 2001 compared to the second quarter of 2000 due to an increase in long-term debt primarily resulting from the purchase of new aircraft, partially offset by lower rates on variable debt.

Interest income decreased 38.1%, \$8 million, in the second quarter of 2001 compared to the second quarter of 2000 due to lower average balances of cash and lower interest rates.

Other nonoperating income (expense) in the three months ended June 30, 2001 and 2000, both included foreign currency losses of \$4 million, as well as net losses of \$4 million and \$7 million, respectively, related to the portion of fuel hedges excluded from the assessment of hedge effectiveness (primarily option time value).

In the second quarter of 2000, an extraordinary charge of \$4 million (net of income tax benefit) was recorded related to the early extinguishment of debt.

Comparison of Six Months Ended June 30, 2001 to Six Months Ended June 30, 2000

The Company recorded consolidated net income of \$51 million and \$163 million for the six months ended June 30, 2001 and 2000, respectively.

Passenger revenue increased 3.6%, \$165 million, during the six months ended June 30, 2001 as compared to the same period in 2000. The increase was principally due to a 2.1% increase in revenue passenger miles.

Wages, salaries and related costs increased 12.0%, \$167 million, during the six months ended June 30, 2001 as compared to the same period in 2000, primarily due to a 6.2% increase in average full-time equivalent employees to support increased flying and higher wage rates.

Aircraft fuel expense increased 7.3%, \$47 million, in the six months ended June 30, 2001 as compared to the same period in the prior year. The average price per gallon increased 5.5% from 79.25 cents in the first six months of 2000 to 83.61 cents in the first six months of 2001. In addition, jet fuel consumption decreased 0.5%, principally reflecting the increased fuel efficiency of the Company's younger fleet. During the first six months of 2001 and 2000, the Company also recognized gains of approximately \$2 million and \$18 million, respectively, related to its fuel hedging program, which is reflected in fuel expense.

Aircraft rentals increased 5.0%, \$21 million, during the six months ended June 30, 2001 as compared to the same period in 2000, due to the delivery of new aircraft.

Maintenance, materials and repairs decreased 2.4%, \$8 million, during the six months ended June 30, 2001 as compared to the same period in the prior year due to the volume and timing of aircraft overhauls as part of the Company's ongoing maintenance program.

Landing fees and other rentals increased 10.1%, \$27 million, in the six months ended June 30, 2001 as compared to the same period in the prior year primarily due to higher facilities rent and landing fees resulting from increased operations.

Reservations and sales increased 7.2%, \$17 million, in the first six months of 2001 compared to the same period in 2000 primarily due to higher credit card and booking fee rates and increased sales.

Depreciation and amortization expense increased 11.9%, \$23 million, in the first six months of 2001 compared to the same period in 2000 primarily due to the addition of new owned aircraft and related spare parts.

Commissions expense decreased 19.7%, \$54 million, during the six months ended June 30, 2001 as compared to the same period in 2000 due to a lower volume of commissionable sales and lower rates resulting from international commission caps, partially offset by increased passenger revenue.

Other operating expense increased 7.9%, \$45 million, in the six months ended June 30, 2001 as compared to the same period in the prior year, primarily as a result of increases in outsourced services and other miscellaneous expense, partially offset by lower advertising and publicity expenses.

Interest expense increased 13.4%, \$17 million, in the six months ended June 30, 2001 compared to the same period in the prior year due to an increase in long-term debt primarily resulting from the purchase of new aircraft, partially offset by lower rates on variable

debt.

Interest income decreased 34.9%, \$15 million, in the second quarter of 2001 compared to the second quarter of 2000 due to lower average balances of cash and lower interest rates.

The Company's other nonoperating income (expense) in the six months ended June 30, 2001 included the Company's equity in the net losses of certain investments of \$6 million, foreign currency losses of \$4 million and net losses of \$9 million related to the portion of fuel hedges excluded from the assessment of hedge effectiveness (primarily option time value).

Other nonoperating income (expense) in the six months ended June 30, 2000, included foreign currency losses of \$4 million and net losses of \$15 million related to the portion of fuel hedges excluded from the assessment of hedge effectiveness (primarily option time value).

In the second quarter of 2000, an extraordinary charge of \$4 million (net of income tax benefit) was recorded related to the early extinguishment of debt.

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		Net
	<u>June</u>		Increase/
	<u>30, _____</u>		
	<u>2001</u>	<u>2000</u>	(Decrease).
Revenue passengers (thousands)	12,256	12,084	1.4 %
Revenue passenger miles (millions) (1)	17,053	16,491	3.4 %
Available seat miles (millions) (2)	22,813	21,384	6.7 %
Cargo ton miles (millions)	245	271	(9.6)%
Passenger load factor (3)	74.8%	77.1%	(2.3) pts.
Breakeven passenger load factor (4)	66.9%	64.0%	2.9 pts.
Passenger revenue per available seat mile (cents)	9.52	10.32	(7.8)%
Total revenue per available seat mile (cents)	10.28	11.14	(7.7)%
Operating cost per available seat mile (cents)	9.41	9.75	(3.5)%
Operating cost per available seat mile, holding fuel rate constant (cents)	9.32	9.75	(4.4)%
Average yield per revenue passenger mile (cents) (5)	12.73	13.38	(4.9)%
Average price per gallon of fuel, excluding fuel taxes (cents)	81.49	75.52	7.9 %
Average price per gallon of fuel, including fuel taxes (cents)	85.71	79.73	7.5 %
Fuel gallons consumed (millions)	391	386	1.3 %
Average fare per revenue passenger	\$177.14	\$182.61	(3.0)%
Average daily utilization of each aircraft	10:53	10:40	2.0 %

(hours) (6)

Actual aircraft in fleet at end of period	377	363	3.9 %
Average length of aircraft flight (miles)	1,193	1,156	3.2 %

	Six Months Ended		Net
	<u>June</u>		Increase/
	<u>30, _____</u>		
	<u>2001</u>	<u>2000</u>	(Decrease)
Revenue passengers (thousands)	23,476	23,285	0.8 %
Revenue passenger miles (millions) (1)	32,167	31,496	2.1 %
Available seat miles (millions) (2)	44,271	42,334	4.6 %
Cargo ton miles (millions)	498	536	(7.1)%
Passenger load factor (3)	72.7%	74.4%	(1.7) pts.
Breakeven passenger load factor (4)	66.1%	66.0%	0.1 pts.
Passenger revenue per available seat mile (cents)	9.63	9.83	(2.0)%
Total revenue per available seat mile (cents)	10.44	10.64	(1.9)%
Operating cost per available seat mile (cents)	9.65	9.71	(0.6)%
Operating cost per available seat mile, holding fuel rate constant (cents)	9.59	9.72	(1.3)%
Average yield per revenue passenger mile (cents) (5)	13.26	13.21	0.4 %
Average price per gallon of fuel, excluding fuel taxes (cents)	83.61	79.25	5.5 %
Average price per gallon of fuel, including fuel taxes (cents)	88.09	83.49	5.5 %
Fuel gallons consumed	759	763	(0.5)%
Average fare per revenue passenger	\$181.68	\$178.72	1.7 %
Average daily utilization of each aircraft (hours) (6)	10:49	10:37	1.9 %
Actual aircraft in fleet at end of period	377	363	3.9 %
Average length of aircraft flight (miles)	1,179	1,143	3.1 %

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

1. The number of scheduled miles flown by revenue passengers.

2. The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
3. Revenue passenger miles divided by available seat miles.
4. 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).

LIQUIDITY AND CAPITAL COMMITMENTS

As of June 30, 2001, the Company had \$1.0 billion in cash and cash equivalents. Net cash provided by operating activities decreased \$196 million during the six months ended June 30, 2001 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 increased \$412 million for the six months ended June 30, 2001 compared to the same period in the prior year, primarily as a result of the proceeds from the sale of short-term investments in the first half of 2000 and an increase in capital expenditures. Net cash used by financing activities for the six months ended June 30, 2001 compared to the same period in the prior year decreased \$124 million primarily due to a decrease in payments on long-term debt and capital lease obligations and an increase in proceeds from the issuance of long-term debt, partially offset by an increase in the purchase of the Company's Class B common stock.

In January 2001, the Company obtained a 3-year \$200 million pre-delivery credit facility to be used to finance manufacturer progress payments on new Boeing aircraft.

During the second quarter, the Company completed two offerings of pass-through certificates totaling \$901 million at an effective average interest rate of 6.87%. The proceeds will be used to finance (through either leveraged leases or secured debt financings) the debt portion of the acquisition cost of 21 new aircraft. These aircraft are scheduled for delivery from October 2001 to June 2002.

Continental has a commitment of \$283 million to finance six new Boeing aircraft to be delivered from July 2001 to February 2002.

On July 13, 2001, the Company priced an offering of \$200 million of pass-through certificates at an interest rate of 7.57%. The proceeds will be used for general corporate purposes.

Deferred Tax Assets. As of December 31, 2000, the Company had deferred tax assets aggregating \$677 million, including \$366 million related to net operating losses ("NOLs"), and a valuation allowance of \$263 million.

Section 382 of the Internal Revenue Code ("Section 382") imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change". In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. In the event that an ownership change occurred, utilization of Continental's NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of the Company's stock at the time of the ownership change by the applicable long-term tax exempt interest rate (which was 5.01% for June 2001). Any unused annual limitation may be carried over to later years, and the amount of the limitation may under certain circumstances be increased by the built-in gains in assets held by the Company at the time of the change that are recognized in the five-year period after the change. Under current conditions, if an ownership change were to occur, Continental's annual NOL utilization would be limited to approximately \$134 million per year other than through the recognition of future built-in gain transactions.

Purchase Commitments. Continental has substantial commitments for capital expenditures, including for the acquisition of new aircraft. See Note 3.

Continental expects its cash outlays for 2001 capital expenditures, exclusive of fleet plan requirements, to aggregate approximately \$300 million (net of financings), primarily relating to 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, 2001 aggregated \$116 million (net of financings), 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.

Capacity Purchase Arrangement with Holdings and Express. Effective January 1, 2001, Holdings and Express implemented a capacity purchase arrangement with Continental. Under the capacity purchase arrangement with Continental, Express currently flies all of its aircraft on behalf of Continental. Continental controls scheduling, ticket prices and seat inventories with respect to such flights. In exchange for providing the flights and performing other obligations under the arrangement, Express receives from Continental fixed rates for each scheduled block hour (with adjustments for fluctuations in certain costs). The fixed rates vary from flight to flight and aircraft to aircraft based on the length of the flight, the number of flights that an aircraft flies per day and the

type of aircraft provided. Express also is entitled to receive a per-passenger fee and revenue incentives based on its performance relative to several operational benchmarks, including the percentage of flights it completes, on-time performance and baggage handling. The per-passenger fee and incentive payments are a relatively small component of the total compensation that Express is entitled to receive for each of its flights.

The fixed rates for each scheduled block hour that Express receives from Continental under the capacity purchase arrangement have been determined through December 31, 2004. The initial block hour rates were set with a goal of providing Express with an operating margin that it believes is comparable to the existing margins provided by capacity purchase agreements entered into by publicly traded regional airlines. Certain costs, including fuel costs, aircraft ownership and financing costs, engine maintenance costs, landing fees and de-icing and snow removal costs, are "trued-up" for differences between actual costs and the expected costs included in Express's fixed rates. In addition, a reconciliation payment is made by Continental to Express or by Express to Continental, as applicable, if Express's operating margin in any fiscal quarter, excluding the effects of certain labor costs, the receipt of any performance incentives and the effects of controllable cancellations and certain other costs, is not within a specified range of the targeted operating margin. As a result, if Express's operating margin (excluding the items mentioned above) exceeds the ceiling of the specified range, Express will make a payment to Continental such that Express's operating margin (excluding the items mentioned above) will be reduced to equal the ceiling of the specified range and if it is less than the floor of the specified range, Continental will make a payment to Express such that it will be increased to equal the floor of the specified range.

In addition, Express has agreed with Continental to review and renegotiate the fixed rates annually starting in 2004 for the rates to take effect on January 1 of each subsequent year, in each case based on the methodology used to set the original block hour rates, subject to some exceptions. If Express and Continental cannot come to an agreement on the annual adjustments to the fixed rates, they have agreed to submit their disagreement to arbitration, based on this methodology.

The arrangement covers all of Express's existing fleet. In addition, Continental has agreed to purchase the capacity related to the 157 Embraer regional jets currently subject to firm orders at June 30, 2001. However, under the arrangement, beginning January 1, 2004, Continental has the right to reduce the number of Express's aircraft covered by the contract with 12 month's notice. Under the arrangement, Continental is entitled to decline capacity with respect to (a) any regional jets subject to firm orders that have not been delivered before the effective date of the reduction in capacity and (b) up to 25% of Express's delivered regional jets over any rolling three-year period. If Continental removes aircraft from the terms of the arrangement, Express will have the option to fly the released aircraft for itself or another airline, subject to its ability to obtain facilities, such as gates and slots, and its exclusive arrangement with Continental at its hub airports, or decline to fly the aircraft and cancel the related subleases with Continental. In addition, Continental has the right to reduce the number of turboprop aircraft covered by the arrangement at any time. Express is not entitled to retain any of its turboprop aircraft removed from the terms of the arrangement without the consent of Continental. If Express decides to continue to fly retained aircraft either for another party or for its own benefit, the interest rate implicit in calculating the scheduled lease payments will increase by 200 basis points to compensate Continental for continuing to participate in its lease financing arrangements. If Express elects not to fly these aircraft, the sublease between Express and Continental for these aircraft will be canceled and Continental will take possession of the aircraft. In such event, Continental will be responsible for all direct reasonable costs Express incurs associated with the removal of those aircraft from its fleet.

Under the arrangement, Express is compensated for scheduled block hours, including block hours associated with certain cancelled flights. If cancellations outside of Express's control, such as those due to weather or air traffic control, exceed the historical average of cancellations for the applicable period, Express will be paid for the cancelled flight at a reduced rate, calculated to cover Express's fixed costs. Express will generally not be entitled to any payment for controllable cancellations, such as those due to maintenance or crew shortages, above historical rates of cancellations, and in the event of a union-authorized labor strike, Express will not be entitled to payment for any controllable cancellations.

Express currently leases or subleases all of its existing regional jets from Continental. Express also leases or subleases from Continental substantially all of its turboprops, which it expects to retire by the end of 2004. Under the capacity purchase arrangement, Continental is required to lease from Embraer or its designee all of Express's current firm order aircraft and sublease these aircraft to Express. However, Continental is not required to provide any financing for Embraer option aircraft or any other aircraft that Express may acquire.

The capacity purchase arrangement expires on December 31, 2010; however, Continental may terminate the arrangement at any time after January 1, 2006 upon 12 months' notice, or at any time without notice for cause consisting of bankruptcy of Express, suspension or revocation of Express's authority to operate as a scheduled airline, cessation of Express's operations as a scheduled airline, other than as a result of a union-authorized labor strike or any temporary cessation not to exceed 14 days, a union-authorized labor strike that continues for 90 days, or an intentional or willful material breach by Express that substantially deprives Continental of the benefits of the arrangement and which is not cured within 90 days of notice of the breach. Continental may also terminate the agreement at any time upon a material breach by Express that does not constitute cause and continues for 90 days after notice of such breach, or without notice or opportunity to cure if Continental determines in good faith that there is a material safety concern with Express's flight operations. Continental has the option to extend the term of the arrangement with 24 months' notice for up to four additional five-year terms through December 31, 2030.

Proposed Public Offering of Common Stock and Recapitalization. Proceeds from the initial public offering of Holdings' common stock (see Note 4) will be used to repay certain intercompany indebtedness to Continental. Payment of the proceeds to Continental will increase its working capital. In addition, prior to the closing of the public offering, Salomon Smith Barney expects to exchange \$150 million of debt obligations of Continental held by Salomon Smith Barney for shares of Holdings' Class A common stock held by Continental.

Continental's proposed spin-off of Holdings will result in earnings being lower than they would have been had Continental continued to own Holdings and consolidate its results of operations. Continental has filed a Current Report on Form 8-K with the Securities and Exchange Commission that includes unaudited pro forma condensed consolidated financial statements that give effect to its planned distribution of Holdings shares, the expected prepayment by Continental of \$150 million of its debt in connection with the planned offering, and the capacity purchase agreement between Continental and Express that became effective January 1, 2001.

Northwest Alliance. The Company began implementing its global alliance with Northwest Airlines in November 1998. At that time, it was anticipated that the alliance would be fully implemented by the end of 2001 and would yield approximately \$225 million of annual pre-tax operating income to the Company. As a result of delays experienced in jointly implementing additional alliances and establishing more common technical platforms with Northwest, Continental now estimates that the benefits during 2001 will fall short of originally projected levels by approximately \$65 million. The Company anticipates that the full projected value of the alliance will be achieved as all of the planned features of the alliance are implemented over the next two to three years.

Other. In July 2000, the Company completed a three-year program bringing all employees to industry standard wages and began implementing a phased plan to bring employee benefits to industry standard levels by 2003. The plan provides for increases in vacation, paid holidays, 401(k) matching contributions by the Company and additional past service retirement credit for most senior employees.

In January 2000, Continental Micronesia, Inc. ("CMI"), a wholly owned subsidiary of Continental, and the International Brotherhood of Teamsters ("IBT") began collective bargaining negotiations to amend the CMI mechanics' contract (which became amendable in March 2001). In May 2001, the parties reached a tentative agreement, which was subsequently rejected by the mechanics. The parties are scheduled to resume negotiations in July 2001 and the Company continues to believe that mutually acceptable agreements can be reached with such employees, although the ultimate outcome of the negotiations is unknown at this time.

In September 2000, the Independent Association of Continental Pilots was certified as the representative of the Company's flight instructor employees. In May 2001, the parties commenced negotiations for an initial collective bargaining agreement covering the flight instructors. On June 1, 2001, along with the Company's pilots, representation for the flight instructor employees was transferred to the Air Line Pilots Association International. The Company believes that mutually acceptable agreements can be reached with such employees, although the ultimate outcome of the negotiations is unknown as this time.

On July 3, 2001, the International Association of Machinists filed a petition with the National Mediation Board ("NMB"), seeking to represent the Company's and Express's approximately 9,000 fleet service employees. The NMB has not yet determined whether a sufficient showing of interest exists to proceed with an election. The Company does not expect the organizing effort to have a material adverse impact on the Company or its relations with its airport service employees.

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 continues compensating its employees comparable to industry average and begins providing industry-average benefits, (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 distribution costs and structure, (v) changes in governmental regulations and taxes affecting air transportation and the costs charged for airport access, including new security requirements, (vi) additional costs related to the capacity purchase arrangement with Express, (vii) changes in the Company's fleet and related capacity and (viii) the Company's continuing efforts to reduce costs throughout its operations, including reduced maintenance costs for new aircraft, reduced distribution expense from using electronic ticketing and the internet for bookings, and reduced interest expense.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

See Item 7A. Quantitative and Qualitative Disclosures About Market Risk in Continental's 2000 10-K.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

None.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

The Company's Annual Meeting of Stockholders was held on May 15, 2001. The following individuals were elected to the Company's Board of Directors to hold office for the ensuing year:

<u>NOMINEE</u>	<u>VOTES FOR</u>	<u>VOTES WITHHELD</u>
Thomas J. Barrack, Jr.	38,352,601	1,978,151
Gordon M. Bethune	35,106,914	5,223,838
David Bonderman	38,339,972	1,990,780
Kirbyjon H. Caldwell	38,349,059	1,981,693
Patrick Foley	38,349,168	1,981,584
Lawrence W. Kellner	40,330,752	-
Douglas H. McCorkindale	38,352,171	1,978,581
George G. C. Parker	38,351,385	1,979,367
Richard W. Pogue	38,342,283	1,988,469
William S. Price III	38,351,550	1,979,202
Donald L. Sturm	38,350,866	1,979,886
Karen Hastie Williams	38,283,850	2,046,902
Charles A. Yamarone	38,351,772	1,978,980

A proposal to amend the Continental Airlines, Inc. 1997 Employee Stock Purchase Plan, as adopted by the Board of Directors of the Company, was voted on by the stockholders as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstaining</u>	<u>Broker Non-Votes</u>
35,561,660	4,490,175	278,917	-

A proposal to ratify the appointment of Ernst & Young LLP as the Company's independent auditors for the fiscal year ending December 31, 2001 was voted on by the stockholders as follows:

<u>Votes For</u>	<u>Votes Against</u>	<u>Votes Abstaining</u>	<u>Broker Non-Votes</u>
38,672,002	1,386,138	272,612	-

Item 5. Other Information.

None.

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

(a) Exhibits:

10.1	Amendment No. 1 to Continental Airlines, Inc. Incentive Plan 2000 as Amended and Restated on March 27, 2000.
10.2	Amendment No. 1 to Continental Airlines, Inc. 1998 Stock Incentive Plan, Continental Airlines, Inc. 1997 Stock Incentive Plan and Continental Airlines, Inc. 1994 Incentive Equity Plan as Amended and Restated as of November 20, 1998.
10.3	Supplemental Agreement No. 22, including side letters, to Purchase Agreement No. 1951 ("PA 1951") between The Boeing Company

("Boeing") and the Company, relating to the purchase of Boeing 737 aircraft, dated May 23, 2001.

- 10.4 Supplemental Agreement No. 23, including side letters, to PA 1951, dated June 29, 2001.
- 10.5 Supplemental Agreement No. 8, including a side letter, to Purchase Agreement No. 2061 between the Company and Boeing, relating to the purchase of Boeing 777 aircraft, dated June 29, 2001.
- 10.6 Supplemental Agreement No. 4, including side letters, to Purchase Agreement No. 2211 between the Company and Boeing, relating to the purchase of Boeing 767 aircraft, dated April 10, 2001.

(b) Reports on Form 8-K:

- i. Report dated April 17, 2001 reporting Item 9. "Regulation FD Disclosure". No financial statements were filed with the report, which included explanations of certain data included in the Company's first quarter results and Exhibits related to certain projected data.
- ii. Report dated April 19, 2001 reporting Item 7. "Financial Statements and Exhibits". No financial statements were filed with the report, which included an Exhibit Index related to the offering of Continental Airlines, Inc.'s Pass Through Certificates, Series 2001-1.
- iii. Report dated May 2, 2001 reporting Item 5. "Other Events". No financial statements were filed with this report, which included a Press Release announcing the resignation of Gregory D. Brennehan from his position as President and Chief Operating Officer and member of the Board of Directors of the Company.
- iv. Report dated May 10, 2001 reporting Item 5. "Other Events". No financial statements were filed with this report, which included a Press Release announcing the nomination of Lawrence W. Kellner to the Board of Directors of the Company.
- v. Report dated June 1, 2001 reporting Item 5. "Other Events". No financial statements were filed with this report, which included a press release reporting May performance.
- vi. Report dated June 4, 2001, reporting Item 9. "Regulation FD Disclosure". No financial statements were filed with the report which included Exhibits related to certain projected data.

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 16, 2001 by: /s/ Jeff Misner

Jeffrey J. Misner

Senior Vice President - Finance

(Principal Financial Officer)

(On behalf of Registrant)

Date: July 16, 2001 /s/ Chris Kenny

Chris Kenny

Staff Vice President and Controller

(Principal Accounting Officer)

INDEX TO EXHIBITS

OF

CONTINENTAL AIRLINES, INC.

- 10.1 Amendment No. 1 to Continental Airlines, Inc. Incentive Plan 2000 as Amended and Restated on March 27, 2000.
- 10.2 Amendment No. 1 to Continental Airlines, Inc. 1998 Stock Incentive Plan, Continental Airlines, Inc. 1997 Stock Incentive Plan and Continental Airlines, Inc. 1994 Incentive Equity Plan as Amended and Restated as of November 20, 1998.
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(1) The Company has applied to the Commission for confidential treatment for a portion of this exhibit.

Amendment No. 1 to
Continental Airlines, Inc. Incentive Plan 2000
as Amended and Restated on March 27, 2000

This Amendment (this "Amendment") to the Continental Airlines, Inc. Incentive Plan 2000, as amended and restated as of March 27, 2000 (the "Plan"), is dated as of May 15, 2001 and has been adopted by the Board of Directors of Continental Airlines, Inc., a Delaware corporation (the "Company"), on May 15, 2001:

Pursuant to Section 13 of the Plan, the Plan is hereby amended as follows:

1. Section 12(c) of the Plan is hereby amended to read in its entirety as follows:

"Change in Control. As used in the Plan (except as otherwise provided in an applicable Grant Document), the term "Change in Control" shall mean:

(aa) any person (within the meaning of Section 13(d) or 14(d) under the Exchange Act, including any group (within the meaning of Section 13(d)(3) under the Exchange Act), a "Person") is or becomes the "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company (such Person being referred to as an "Acquiring Person") representing 25% or more of the combined voting power of the Company's outstanding securities; other than beneficial ownership by (i) the Company or any subsidiary of the Company, (ii) any employee benefit plan of the Company or any Person organized, appointed or established pursuant to the terms of any such employee benefit plan (unless such plan or Person is a party to or is utilized in connection with a transaction led by Outside Persons), (iii) a Person who has a Schedule 13G on file with the Securities and Exchange Commission pursuant to the requirements of Rule 13d-1 under the Exchange Act, with respect to its holdings of the Company's voting securities ("Schedule 13G"), so long as (1) such Person is principally engaged in the business of managing investment funds for unaffiliated securities investors and, as part of such Person's duties as agent for fully managed accounts, holds or exercises voting or dispositive power over voting securities of the Company, (2) such Person acquires beneficial ownership of voting securities of the Company pursuant to trading activities undertaken in the ordinary course of such Person's business and not with the purpose nor the effect, either alone or in concert with any Person, of exercising the power to direct or cause the direction of the management and policies of the Company or of otherwise changing or influencing the control of the Company, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Exchange Act and (3) if such Person is a Person included in Rule 13d-1(b)(1)(ii) of the Exchange Act, such Person is not obligated to, and does not, file a Schedule 13D with respect to the securities of the Company, or (iv) (I) 1992 Air, Inc., (II) any Person who controlled 1992 Air, Inc. as of February 26, 1998, including David Bonderman and James Coulter, or (III) any Person controlled by any such Person (Persons referred to in clauses (i) through (iv) hereof are hereinafter referred to as "Excluded Persons"); or

(bb) individuals who constituted the Board as of May 15, 2001 (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to May 15, 2001 whose appointment to fill a vacancy or to fill a new Board position or whose nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board or who was nominated for election by Excluded Persons shall be considered as though such individual were a member of the Incumbent Board; or

(cc) the Company merges with or consolidates into or engages in a reorganization or similar transaction with another entity pursuant to a transaction in which the Company is not the "Controlling Corporation"; or

(dd) the Company sells or otherwise disposes of all or substantially all of its assets, other than to Excluded Persons.

For purposes of clause (aa) above, if at any time there exist securities of different classes entitled to vote separately in the election of directors, the calculation of the proportion of the voting power held by a beneficial owner of the Company's securities shall be determined as follows: first, the proportion of the voting power represented by securities held by such beneficial owner of each separate class or group of classes voting separately in the election of directors shall be determined, provided that securities representing more than 50% of the voting power of securities of any such class or group of classes shall be deemed to represent 100% of such voting power; second, such proportion shall then be multiplied by a fraction, the numerator of which is the number of directors which such class or classes is entitled to elect and the denominator of which is the total number of directors elected to membership on the Board at the time; and third, the product obtained for each such separate class or group of classes shall be added together, which sum shall be the proportion of the combined voting power of the Company's outstanding securities held by such beneficial owner.

For purposes of clause (aa) above, the term "Outside Persons" means any Persons other than (I) Persons described in clauses (aa)(i) or (iii) or (iv) above (as to Persons described in clause (aa)(iii) or (iv) above, while they are Excluded Persons) and (II) members of senior management of the Company in office immediately prior to the time the Acquiring Person acquires the beneficial ownership described in clause (aa).

For purposes of clause (cc) above, the Company shall be considered to be the Controlling Corporation in any merger, consolidation, reorganization or similar transaction unless either (1) the shareholders of the Company immediately prior to the consummation of

the transaction (the "Old Shareholders") would not, immediately after such consummation, beneficially own, directly or indirectly, securities of the resulting entity entitled to elect a majority of the members of the Board of Directors or other governing body of the resulting entity or (2) those persons who were directors of the Company immediately prior to the consummation of the proposed transaction would not, immediately after such consummation, constitute a majority of the directors of the resulting entity, provided that (I) there shall be excluded from the determination of the voting power of the Old Shareholders securities in the resulting entity beneficially owned, directly or indirectly, by the other party to the transaction and any such securities beneficially owned, directly or indirectly, by any Person acting in concert with the other party to the transaction, (II) there shall be excluded from the determination of the voting power of the Old Shareholders securities in the resulting entity acquired in any such transaction other than as a result of the beneficial ownership of Company securities prior to the transaction and (III) persons who are directors of the resulting entity shall be deemed not to have been directors of the Company immediately prior to the consummation of the transaction if they were elected as directors of the Company within 90 days prior to the consummation of the transaction.

The exclusion described in clause (aa)(iii) above shall cease to have any force or effect (and the Person described therein shall cease to be an Excluded Person) if that Person becomes an "Acquiring Person" within the meaning of the Amended and Restated Rights Agreement dated as of November 15, 2000 between the Company and Mellon Investor Services LLC, as amended from time to time. The exclusion described in clause (aa)(iv) above shall cease to have any force or effect (and the Persons described therein shall cease to be Excluded Persons) if (A) the Person acquiring beneficial ownership is not controlled by David Bonderman or James Coulter, or (B) the Person acquiring beneficial ownership (together with any Person controlling, controlled by or under common control with such Person) ceases to be after such acquisition, for a period of thirty consecutive calendar days, the beneficial owner, directly or indirectly, of securities of the Company representing at least 25% of the combined voting power of the Company's outstanding securities.

Upon the occurrence of a Change in Control, with respect to each recipient of an Award hereunder, (AA) all Options granted to such recipient and outstanding at such time shall immediately vest and become exercisable in full (but subject, however, in the case of Incentive Stock Options, to the aggregate fair market value, determined as of the date the Incentive Stock Options are granted, of the stock with respect to which Incentive Stock Options are exercisable for the first time by such recipient during any calendar year not exceeding \$100,000) and, except as required by law, all restrictions on the transfer of shares acquired pursuant to such Options shall terminate, (BB) all restrictions applicable to such recipient's Restricted Stock and Incentive Awards that are outstanding at such time shall be deemed to have been satisfied and such Restricted Stock and Incentive Awards shall immediately vest in full, and (CC) all Retention Awards granted to such recipient and outstanding at such time shall immediately vest in full.

In addition, except as otherwise provided in the applicable Grant Document, if a recipient of an Award hereunder becomes entitled to one or more payments (with a "payment" including, without limitation, the vesting of an Award) pursuant to the terms of the Plan (the "Total Payments"), which are or become subject to the tax imposed by section 4999 of the Code (or any similar tax that may hereafter be imposed) (the "Excise Tax"), the Company or subsidiary for whom the recipient is then performing services shall pay to the recipient an additional amount (the "Gross-Up Payment") such that the net amount retained by the recipient, after reduction for any Excise Tax on the Total Payments and any federal, state and local income or employment tax and Excise Tax on the Gross-Up Payment, shall equal the Total Payments. For purposes of determining the amount of the Gross-Up Payment, the recipient shall be deemed (aa) to pay federal income taxes at the highest stated rate of federal income taxation (including surtaxes, if any) for the calendar year in which the Gross-Up Payment is to be made; and (bb) to pay any applicable state and local income taxes at the highest stated rate of taxation (including surtaxes, if any) for the calendar year in which the Gross-Up Payment is to be made. Any Gross-Up Payment required hereunder shall be made to the recipient at the same time any Total Payment subject to the Excise Tax is paid or deemed received by the recipient."

2. The Plan, as amended by this Amendment, shall apply to all Awards made under the Plan on or after the date hereof. The Plan, as in effect prior to the adoption of this Amendment, shall continue to govern Awards made under the Plan prior to the date hereof except as may otherwise be agreed to by a recipient of an Award. In all other respects, the Plan shall continue in full force and effect with respect to all Awards made thereunder.

3. Capitalized terms used in this Amendment without definition are defined in the Plan and are used in this Amendment with the same meanings as in the Plan.

IN WITNESS WHEREOF, the undersigned has executed this Amendment on behalf of the Company as of May 15, 2001.

CONTINENTAL AIRLINES, INC.

By: _____

Jeffery A. Smisek

Executive Vice President - Corporate

Amendment No. 1 to

Continental Airlines, Inc. 1998 Stock Incentive Plan,

Continental Airlines, Inc. 1997 Stock Incentive Plan

and

Continental Airlines, Inc. 1994 Incentive Equity Plan

as Amended and Restated as of November 20, 1998

This Amendment (this "Amendment") to the Continental Airlines, Inc. 1998 Stock Incentive Plan, the Continental Airlines, Inc. 1997 Stock Incentive Plan and the Continental Airlines, Inc. 1994 Incentive Equity Plan, each as amended and restated as of November 20, 1998 (collectively, the "Plans"), is dated as of May 15, 2001 and has been adopted by the Board of Directors of Continental Airlines, Inc., a Delaware corporation (the "Company"), on May 15, 2001:

Pursuant to Section X of the Plans, the Plans are hereby amended as follows:

1. Section IX(c) of the Plans is hereby amended to read in its entirety as follows:

"Change in Control. As used in the Plan (except as otherwise provided in an applicable Option Agreement or Restricted Stock Agreement), the term "Change in Control" shall mean:

(aa) any person (within the meaning of Section 13(d) or 14(d) under the Exchange Act, including any group (within the meaning of Section 13(d)(3) under the Exchange Act), a "Person") is or becomes the "beneficial owner" (as such term is defined in Rule 13d-3 promulgated under the Exchange Act), directly or indirectly, of securities of the Company (such Person being referred to as an "Acquiring Person") representing 25% or more of the combined voting power of the Company's outstanding securities; other than beneficial ownership by (i) the Company or any subsidiary of the Company, (ii) any employee benefit plan of the Company or any Person organized, appointed or established pursuant to the terms of any such employee benefit plan (unless such plan or Person is a party to or is utilized in connection with a transaction led by Outside Persons), (iii) a Person who has a Schedule 13G on file with the Securities and Exchange Commission pursuant to the requirements of Rule 13d-1 under the Exchange Act, with respect to its holdings of the Company's voting securities ("Schedule 13G"), so long as (1) such Person is principally engaged in the business of managing investment funds for unaffiliated securities investors and, as part of such Person's duties as agent for fully managed accounts, holds or exercises voting or dispositive power over voting securities of the Company, (2) such Person acquires beneficial ownership of voting securities of the Company pursuant to trading activities undertaken in the ordinary course of such Person's business and not with the purpose nor the effect, either alone or in concert with any Person, of exercising the power to direct or cause the direction of the management and policies of the Company or of otherwise changing or influencing the control of the Company, nor in connection with or as a participant in any transaction having such purpose or effect, including any transaction subject to Rule 13d-3(b) of the Exchange Act and (3) if such Person is a Person included in Rule 13d-1(b)(1)(ii) of the Exchange Act, such Person is not obligated to, and does not, file a Schedule 13D with respect to the securities of the Company, or (iv) (I) 1992 Air, Inc., (II) any Person who controlled 1992 Air, Inc. as of February 26, 1998, including David Bonderman and James Coulter, or (III) any Person controlled by any such Person (Persons referred to in clauses (i) through (iv) hereof are hereinafter referred to as "Excluded Persons"); or

(bb) individuals who constituted the Board as of May 15, 2001 (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board, provided that any individual becoming a director subsequent to May 15, 2001 whose appointment to fill a vacancy or to fill a new Board position or whose nomination for election by the Company's shareholders was approved by a vote of at least a majority of the directors then comprising the Incumbent Board or who was nominated for election by Excluded Persons shall be considered as though such individual were a member of the Incumbent Board; or

(cc) the Company merges with or consolidates into or engages in a reorganization or similar transaction with another entity pursuant to a transaction in which the Company is not the "Controlling Corporation"; or

(dd) the Company sells or otherwise disposes of all or substantially all of its assets, other than to Excluded Persons.

For purposes of clause (aa) above, if at any time there exist securities of different classes entitled to vote separately in the election of directors, the calculation of the proportion of the voting power held by a beneficial owner of the Company's securities shall be determined as follows: first, the proportion of the voting power represented by securities held by such beneficial owner of each separate class or group of classes voting separately in the election of directors shall be determined, provided that securities representing more than 50% of the voting power of securities of any such class or group of classes shall be deemed to represent 100% of such voting power; second, such proportion shall then be multiplied by a fraction, the numerator of which is the number of directors which such class or classes is entitled to elect and the denominator of which is the total number of directors elected to membership on the Board at the time; and third, the product obtained for each such separate class or group of classes shall be added together, which sum shall be the proportion of the combined voting power of the Company's outstanding securities held by such beneficial owner.

For purposes of clause (aa) above, the term "Outside Persons" means any Persons other than (I) Persons described in clauses (aa)(i) or (iii) or (iv) above (as to Persons described in clause (aa)(iii) or (iv) above, while they are Excluded Persons) and (II) members of senior management of the Company in office immediately prior to the time the Acquiring Person acquires the beneficial ownership described in clause (aa).

For purposes of clause (cc) above, the Company shall be considered to be the Controlling Corporation in any merger, consolidation, reorganization or similar transaction unless either (1) the shareholders of the Company immediately prior to the consummation of the transaction (the "Old Shareholders") would not, immediately after such consummation, beneficially own, directly or indirectly, securities of the resulting entity entitled to elect a majority of the members of the Board of Directors or other governing body of the resulting entity or (2) those persons who were directors of the Company immediately prior to the consummation of the proposed transaction would not, immediately after such consummation, constitute a majority of the directors of the resulting entity, provided that (I) there shall be excluded from the determination of the voting power of the Old Shareholders securities in the resulting entity beneficially owned, directly or indirectly, by the other party to the transaction and any such securities beneficially owned, directly or indirectly, by any Person acting in concert with the other party to the transaction, (II) there shall be excluded from the determination of the voting power of the Old Shareholders securities in the resulting entity acquired in any such transaction other than as a result of the beneficial ownership of Company securities prior to the transaction and (III) persons who are directors of the resulting entity shall be deemed not to have been directors of the Company immediately prior to the consummation of the transaction if they were elected as directors of the Company within 90 days prior to the consummation of the transaction.

The exclusion described in clause (aa)(iii) above shall cease to have any force or effect (and the Person described therein shall cease to be an Excluded Person) if that Person becomes an "Acquiring Person" within the meaning of the Amended and Restated Rights Agreement dated as of November 15, 2000 between the Company and Mellon Investor Services LLC, as amended from time to time. The exclusion described in clause (aa)(iv) above shall cease to have any force or effect (and the Persons described therein shall cease to be Excluded Persons) if (A) the Person acquiring beneficial ownership is not controlled by David Bonderman or James Coulter, or (B) the Person acquiring beneficial ownership (together with any Person controlling, controlled by or under common control with such Person) ceases to be after such acquisition, for a period of thirty consecutive calendar days, the beneficial owner, directly or indirectly, of securities of the Company representing at least 25% of the combined voting power of the Company's outstanding securities.

Upon the occurrence of a Change in Control, with respect to each recipient of an Award hereunder, (AA) all Options granted to such recipient and outstanding at such time shall immediately vest and become exercisable in full (but subject, however, in the case of Incentive Stock Options, to the aggregate fair market value, determined as of the date the Incentive Stock Options are granted, of the stock with respect to which Incentive Stock Options are exercisable for the first time by such recipient during any calendar year not exceeding \$100,000) and, except as required by law, all restrictions on the transfer of shares acquired pursuant to such Options shall terminate and (BB) all restrictions applicable to such recipient=s Restricted Stock shall be deemed to have been satisfied and such Restricted Stock shall vest in full.

In addition, except as otherwise provided in the applicable Option Agreement, if a recipient of an Award hereunder becomes entitled to one or more payments (with a "payment" including, without limitation, the vesting of an Award) pursuant to the terms of the Plan (the "Total Payments"), which are or become subject to the tax imposed by section 4999 of the Code (or any similar tax that may hereafter be imposed) (the "Excise Tax"), the Company or subsidiary for whom the recipient is then performing services shall pay to the recipient an additional amount (the "Gross-Up Payment") such that the net amount retained by the recipient, after reduction for any Excise Tax on the Total Payments and any federal, state and local income or employment tax and Excise Tax on the Gross-Up Payment, shall equal the Total Payments. For purposes of determining the amount of the Gross-Up Payment, the recipient shall be deemed (aa) to pay federal income taxes at the highest stated rate of federal income taxation (including surtaxes, if any) for the calendar year in which the Gross-Up Payment is to be made (for 1998, the highest stated rate is 39.6%); and (bb) to pay any applicable state and local income taxes at the highest stated rate of taxation (including surtaxes, if any) for the calendar year in which the Gross-Up Payment is to be made. Any Gross-Up Payment required hereunder shall be made to the recipient at the same time any Total Payment subject to the Excise Tax is paid or deemed received by the recipient."

2. The Plans, as amended by this Amendment, shall apply to all Awards made under the Plans on or after the date hereof. The Plans, as in effect prior to the adoption of this Amendment, shall continue to govern Awards made under the Plans prior to the date hereof except as may otherwise be agreed to by a recipient of an Award. In all other respects, the Plans shall continue in full force and effect with respect to all Awards made thereunder.

3. Capitalized terms used in this Amendment without definition are defined in the Plans and are used in this Amendment with the same meanings as in the respective Plans.

IN WITNESS WHEREOF, the undersigned has executed this Amendment on behalf of the Company as of May 15, 2001.

CONTINENTAL AIRLINES, INC.

By: _____

Jeffery A. Smisek

Supplemental Agreement No. 22

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 23, 2001, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and Continental Airlines, Inc., a Delaware corporation with its principal office in Houston, Texas (Buyer);

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

WHEREAS, Boeing and Buyer have agreed to the 737-924 Aircraft configuration; and

WHEREAS, Buyer has selected the Inflight Entertainment and Cabin Communications System (IFE/CCS) and a Cabin Systems Equipment Letter Agreement is being added to the Agreement; and

WHEREAS, Boeing and Buyer have agreed to certain changes to provisions relating 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 agreed to amend and restate the terms of the "Special Matters" letter applicable to the Aircraft to reflect certain agreements between Boeing and the customer; 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, Articles, Tables and Exhibits:

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. 22.

1.2 Remove and replace, in its entirety, Article 3 "Price of Aircraft", pages 3-1 through 3-4, with revised pages 3-1 through 3-4 attached hereto, to reflect the revised 737-924 Special Features Price and Aircraft Basic Price.

1.3 Remove and replace, in its entirety, page T-5 of Table 1, entitled "Aircraft Deliveries and Descriptions, Model 737-900 Aircraft", with revised page T-5 attached hereto, to reflect the revised prices.

1.4 Remove and replace, in its entirety, Exhibit A-5 "Aircraft Configuration Relating to Boeing Model 737-924 Aircraft", with revised Exhibit A-5 attached hereto, to reflect the most current incorporated features and prices.

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 1951-12R1, "Option Aircraft - Model 737-924 Aircraft" with Letter Agreement 1951-12R2, "Option Aircraft - Model 737-924 Aircraft", attached hereto, to reflect the revised prices in the Attachment.

2.2 Add Letter Agreement No. 1951-14, "Installation of Cabin Systems Equipment", attached hereto, to describe the responsibilities of the parties, terms and conditions, equipment and systems selection, estimated prices and critical impact events for Inflight Entertainment and Cabin Communication System (IFE/CCS) equipment.

2.3 Remove and replace, in its entirety, Letter Agreement 6-1162-MMF-311R3, [**CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT**], with Letter Agreement 6-1162-MMF-311R4, [**CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT**], attached hereto, to reflect certain changes to the calculations of [**CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT**].

2.4 Remove and replace, in its entirety, Letter Agreement 6-1162-GOC-131R2, "Special Matters", with Letter Agreement 6-1162-GOC-131R3, "Special Matters", attached hereto, to reflect certain new agreements regarding the 737-924.

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/ Henry H. Hart By: /s/ Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President-Finance

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FILED SEPARATELY WITH THE SECURITIES

AND EXCHANGE COMMISSION PURSUANT

TO A REQUEST FOR CONFIDENTIAL TREATMENT]

6-1162-MMF-311R4 **[CONFIDENTIAL MATERIAL OMITTED AND SA 22**

FILED SEPARATELY WITH THE SECURITIES

AND EXCHANGE COMMISSION PURSUANT

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FILED SEPARATELY WITH THE SECURITIES

AND EXCHANGE COMMISSION PURSUANT

TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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AND EXCHANGE COMMISSION PURSUANT

TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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FILED SEPARATELY WITH THE SECURITIES

AND EXCHANGE COMMISSION PURSUANT

TO A REQUEST FOR CONFIDENTIAL TREATMENT]

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ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Current Generation Aircraft.

3.1.1.1 Special Features are the features listed in Exhibit A-4 which Buyer has selected for incorporation in Current Generation Aircraft.

3.1.1.2 Base Airframe Price is the Aircraft Basic Price excluding the price of Special Features and Engines.

3.1.1.3 Engine Price is the price established by the Engine manufacturer for the Engines installed on the Aircraft including all accessories, equipment and parts set forth in Exhibit D-1.

3.1.1.4 Aircraft Basic Price is comprised of the Base Airframe Price, the Engine Price and the price of the Special Features.

3.1.1.5 Economic Price Adjustment is the adjustment to the Aircraft Basic Price (Base Airframe, Engine and Special Features) as calculated pursuant to Exhibit D-1.

3.1.1.6 Base Airplane Price is the Aircraft Basic Price excluding the price of Special Features, but including Engines.

3.1.2 New Generation Aircraft

3.1.2.1 Special Features are the features listed in Exhibits A-1, A-2, A-3, and A-5, which Buyer has selected for incorporation in New Generation Aircraft.

3.1.2.2 Base Airplane Price is the Aircraft Basic Price excluding the price of Special Features, but including Engines.

3.1.2.3 Aircraft Basic Price is comprised of the Base Airplane Price and the price of the Special Features.

3.1.2.4 Economic Price Adjustment is the adjustment to the Aircraft Basic Price (Base Airplane and Special Features) as calculated pursuant to Exhibit D for Aircraft expressed in July 1995 dollars and Exhibit D-2 for Aircraft expressed in July 1997 dollars.

3.2 Aircraft Basic Price.

3.2.1 Current Generation Aircraft:

3.2.1.1 Model 737-524 Aircraft.

The Aircraft Basic Price of each 737-524 Aircraft, expressed in July 1995 dollars, is set forth below:

Base Airframe Price: **[CONFIDENTIAL MATERIAL**

Special Features **OMITTED AND FILED SEPARATELY**

Engine Price **WITH THE SECURITIES AND**

EXCHANGE COMMISSION

Aircraft Basic Price **PURSUANT TO A REQUEST FOR**

CONFIDENTIAL TREATMENT]

3.2.2 New Generation Aircraft.

3.2.2.1 Model 737-624 Aircraft.

The Aircraft Basic Price of each 737-624 Aircraft, expressed in July 1995 dollars, is set forth below:

Base Airplane Price: **[CONFIDENTIAL MATERIAL**

Special Features **OMITTED AND FILED SEPARATELY**

WITH THE SECURITIES AND

Aircraft Basic Price **EXCHANGE COMMISSION**

PURSUANT TO A REQUEST FOR

CONFIDENTIAL TREATMENT]

3.2.2.2 Model 737-724 Aircraft.

The Aircraft Basic Price of each 737-724 Aircraft, expressed in July 1995 dollars, is set forth below:

Base Airplane Price: **[CONFIDENTIAL MATERIAL**

Special Features **OMITTED AND FILED SEPARATELY**

WITH THE SECURITIES AND

Aircraft Basic Price **EXCHANGE COMMISSION**

PURSUANT TO A REQUEST FOR

CONFIDENTIAL TREATMENT]

3.2.2.3 Model 737-824 Aircraft.

The Aircraft Basic Price of each 737-824 Aircraft, expressed in July 1995 dollars, is set forth below:

Base Airplane Price: **[CONFIDENTIAL MATERIAL**

Special Features **OMITTED AND FILED SEPARATELY**

WITH THE SECURITIES AND

Aircraft Basic Price **EXCHANGE COMMISSION**

PURSUANT TO A REQUEST FOR

CONFIDENTIAL TREATMENT]

3.2.2.4 Model 737-924 Aircraft.

The Aircraft Basic Price of each 737-924 Aircraft, expressed in July 1997 dollars, is set forth below:

Base Airplane Price: **[CONFIDENTIAL MATERIAL**

Special Features **OMITTED AND FILED SEPARATELY**

WITH THE SECURITIES AND

Aircraft Basic Price **EXCHANGE COMMISSION**

PURSUANT TO A REQUEST FOR

CONFIDENTIAL TREATMENT]

3.3 Aircraft Price. The total amount that Buyer is to pay for the Aircraft at the time of delivery (Aircraft Price) will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1 the Aircraft Basic Price, set forth in Table 1; plus

3.3.2 the Economic Price Adjustments for the Aircraft Basic Price, as calculated pursuant to the formulas set forth in Exhibits D or D-1 or D-2, as applicable; plus

3.3.3 other price adjustments made pursuant to this Agreement or other written agreements executed by Boeing and Buyer.

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price. For advance payment purposes, the estimated delivery prices of the Aircraft have been established, using currently available forecasts of the escalation factors used by Boeing as of the date of signing this Agreement. The Advance Payment Base Price of each Aircraft is set forth in Table 1.

3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft. For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of each affected Aircraft, Boeing will increase or decrease the Advance Payment Base Price of such Aircraft as required to reflect the effects of (i) any adjustments in the Aircraft Basic Price pursuant to this Agreement and (ii) the then-current forecasted escalation factors used by Boeing. Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

Table 1 to Purchase Agreement 1951

Aircraft Deliveries and Descriptions,

Model 737-900 Aircraft

[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-5 to Purchase Agreement Number 1951

AIRCRAFT CONFIGURATION

Dated May 23, 2001

relating to

BOEING MODEL 737-924 AIRCRAFT

Exhibit A-5

The Detail Specification is Boeing Detail Specification D019A001CAL39P-1 dated as of December 5, 2000. Such Detail Specification will be comprised of Boeing Specification D6-39127, Revision 0, dated July 25, 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 D019ACR1CAL39P-1. 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, Seller Purchased Equipment or Inflight Entertainment/Cabin Communications Systems (IFE/CCS) Equipment.

CR / TITLE PRICE PER A/P

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

1951-12R2

May 23, 2001

Continental Airlines, Inc.

1600 Smith Street

Houston, TX 77002

Subject: Option Aircraft - Model 737-924 Aircraft

Reference: Purchase Agreement No. 1951 dated July 23, 1996 (the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737-924 aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 1951-12R1 dated May 16, 2000.

Boeing agrees to manufacture and sell to Buyer up to **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** additional Model 737-924 aircraft (the Option Aircraft), on the same terms and conditions set forth in the Agreement, subject to the terms and conditions set forth below. 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 737 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of the supplemental agreement to purchase the Option Aircraft;

(ii) Changes required to obtain required regulatory certificates; and

(iii) Changes mutually agreed upon.

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

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

2.2 Price Adjustments.

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

2.2.2 Escalation Adjustments. The Airplane Price and the price of Optional Features for Option Aircraft delivering before January, 2004, will be escalated on the same basis as the Aircraft.

3. Base Price Adjustments. The Airplane

Price of the Option Aircraft delivering before January, 2004, will be adjusted to Boeing's then current prices as of the date of execution of the supplemental agreement for the Option Aircraft.

2.2.4 Prices for Long Lead Time Aircraft. Boeing has not established prices and escalation provisions for Model 737-900 aircraft for delivery in the year 2004 and after. When prices and the pricing bases are established for the Model 737-900 aircraft delivering in the year 2004 and after, the information listed in the Attachment will be appropriately amended.

3. Option Aircraft Payment.

3.1 Buyer has paid a deposit to Boeing in the amount shown in the Attachment for each Option Aircraft (the Option Deposit) prior to the date of this Letter Agreement. If Buyer exercises an option, the Option Deposit applicable to such aircraft will be credited against the first advance payment due for such aircraft. If Buyer does not exercise an option, Boeing will retain the Option Deposit.

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.

4.1 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]

4.2 If Boeing must make production decisions which are dependent on Buyer exercising an option earlier than the Option Exercise Date, Boeing may accelerate the Option Exercise Date subject to Buyer's agreement. If Boeing and Buyer fail to agree to a revised Option Exercise Date, either party may terminate the option **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**.

5. Contract Terms.

Boeing and Buyer 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 a supplemental agreement to the Agreement, and other terms and conditions as may be agreed upon. In the event the parties have not entered into a supplemental 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]**

8. 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.

Very truly yours,

THE BOEING COMPANY

By /s/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 23, 2001

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Finance

Attachment

Attachment to
Letter Agreement 1951-12R2 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]

1951-14

May 23, 2001

Continental Airlines, Inc.

1600 Smith Street

Houston, TX 77002

Subject: Installation of Cabin Systems Equipment

Reference: Purchase Agreement No. 1951 (the Purchase Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737-900 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.

Buyer 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 Buyer, 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 Buyer will:

1.1.1 Provide Buyer'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 (completed April 18, 2000); or 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 Buyer'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;

1.1.8 Include in Buyer'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; and

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 Buyer with the Aircraft delivery and any parts returned to the Supplier for repair will be returned to the Buyer, 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 Change Requests contained in Attachment A to this Letter Agreement as such Attachment A may be amended from time to time by written agreement of the parties; 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 Buyer's Software. The software accessible to the Aircraft passengers which controls Buyer's specified optional features is Buyer's Software and is not part of the IFE/CCS.

2.2.1 Buyer is solely responsible for specifying Buyer's Software functional and performance requirements and ensuring that Buyer's Software meets such requirements. Buyer and Buyer's Software supplier will have total responsibility for the writing, certification, modification, revision, or correction of any of Buyer'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 Buyer's Software.

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

2.2.3 Boeing has no obligation to approve any documentation to support Buyer's Software certification. Boeing will only review and operate Buyer'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 Buyer'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 Buyer 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 Buyer 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 Buyer and Supplier.

3.2 Boeing and Buyer 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 Buyer and recommend to Buyer the most practical means for incorporating any such change. If within 15 days after such notification Buyer 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 by written agreement of the parties.

4. Supplier Defaults.

Boeing shall notify Buyer in a timely manner in the event of a default by a Supplier under the Supplier's contract with Boeing. Within 15 days of Buyer's receipt of such notification, Boeing and Buyer shall agree through negotiations on an alternative Supplier or other course of action. If Boeing and Buyer 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, Buyer Support Document, and Exhibit C, the Product Assurance Document, of the AGTA.

6. Boeing's Remedies.

If Buyer 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; or

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 2332-002423, 2332A390B08, 2334A390B36 and 2332A683D12 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 1997 base year 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. Buyer's Indemnification of Boeing.

Buyer 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 Buyer 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 Buyer.

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/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 23, 2001

By /s/ Gerald Laderman

Its Senior Vice President - Finance

Attachment A

Cabin Systems Equipment

The following Change Requests describe the items of equipment that under the terms and conditions of this Letter Agreement are considered to be IFE/CCS. Each such Change Request is fully described in Exhibit A to the Purchase Agreement. Final configuration is based on Buyer acceptance of any or all changes listed below.

Change Request Number Title

2332-002423 VIDEO ENTERTAINMENT - OVERHEAD VIDEO SYSTEM -
PARTIAL PROVISIONS - VIDEO DISTRIBUTION UNIT (VDU) BASED
SYSTEMS

2332A390B08 VIDEO ENTERTAINMENT - OVERHEAD VIDEO

- SYSTEM MATSUSHITA

2334A390B36 AUDIO ENTERTAINMENT - MATSUSHITA -

MULTIPLEX PASSENGER ENTERTAINMENT SYSTEM (MPES)

2332A683D12 MP-VIDEO SYSTEM REVISIONS-CONTINENTAL

737-900-SPE

Attachment A to

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 Buyer 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 Buyer;
- 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:

Attachment B to

Letter Agreement No. 1951-14

Page 2

- 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, Buyer 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 Buyer 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.

A. The Suppliers will assist the seat suppliers in the preparation of seat assembly functional test plans.

Attachment C to

Letter Agreement No. 1951-14

Page 1

Attachment C

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 BFE and IFE/CCS Suppliers to achieve the in-sequence installation of the IFE/CCS. The Required Due Dates 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 functionality. 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.

Required Critical

Event Due Date Decision Date Contingency Plan

P.O. placed for In Seat Equip. [**CONFIDENTIAL** Complete

(Seven month lead-time) **MATERIAL**

OMITTED AND

Part Numbers defined by **FILED SEPARATELY**

IFE Supplier **WITH THE** Complete

SECURITIES AND

Production IFE Parts on-dock **EXCHANGE**

At Seat Supplier **COMMISSION** Complete

PURSUANT TO A

P.O. placed for Video and **REQUEST FOR**

Head End Audio Equipment **CONFIDENTIAL** Complete

TREATMENT]

Video and Head end Audio

Equipment on dock at Boeing Complete

Koito Seat On-Dock Complete

YD 601 Shop Complete Complete

Contract Delivery Month

6-1162-MMF-311R4

May 23, 2001

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

Subject: Letter Agreement No. 6-1162-MMF-311R4 to Purchase Agreement No. 1951 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE
SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1751 dated July 23, 1996(the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-MMF-311R3 dated May 21, 1998.

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

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

5. Confidential Treatment.

Boeing and Buyer agree that certain commercial and financial information contained in this Letter Agreement is confidential and subject to the confidentiality provisions of Letter Agreement 6-1162-MMF-308R3, "Disclosure of Confidential Information."

If this Letter Agreement correctly states your understanding of the matters treated herein, please so indicate by signature below.

Very truly yours,

THE BOEING COMPANY

By /s/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 23, 2001

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Finance

Date: _____

Continental Airlines, Inc.

1600 Smith Street

Houston, TX 77002

Attention: Technical Department

Reference: Letter Agreement 6-1162-MMF-311R4 to
Boeing/CAL Purchase Agreement 1951

Transmitted by Facsimile: TBD

Very truly yours,

THE BOEING COMPANY

By: _____

Its: _____

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

May 23, 2001

6-1162-GOC-131R3

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Letter Agreement No. 6-1162-GOC-131R3 to Purchase

Agreement No. 1951 - Special Matters

Ladies and Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1951 dated as of July 23, 1996 (the Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Buyer) relating to Model 737 aircraft (the Aircraft). This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-GOC-131R2 dated May 21, 1998.

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

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

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

2.1 Firm Aircraft. **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

2.2 Option Aircraft. **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

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

4. Option Aircraft.

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

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

6. Assignment of Credits.

Buyer may not assign the credit memoranda described in this Letter Agreement without Boeing's prior written consent [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

7. Confidential Treatment.

Boeing and Buyer understand that certain information contained in this Letter Agreement, including any attachments hereto, are considered by both parties to be confidential. Notwithstanding the provisions of Letter Agreement 6-1162-MMF-308R2, Boeing and Buyer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

Very truly yours,

THE BOEING COMPANY

By /s/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: May 23, 2001

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

Its Senior Vice President - Finance

Supplemental Agreement No. 23

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 June 29, 2001, 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 **[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 **[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]**; 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, Tables and Exhibits:

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. 23.

1.2 Remove and replace, in its entirety, Table 1 entitled "Aircraft Deliveries and Descriptions, Model 737-700 Aircraft", with revised Table 1 attached hereto, to reflect the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**.

1.3 Remove and replace, in its entirety, page T-3-2 of Table 1 entitled, "Aircraft Deliveries and Descriptions, Model 737-800 Aircraft", with revised page T-3-2 attached hereto, to reflect the **[CONFIDENTIAL MATERIAL OMITTED AND FILED**

SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

1.4 Remove and replace, in its entirety, Exhibit A-1 "Aircraft Configuration Relating to Boeing Model 737-724 Aircraft", with revised Exhibit A-1 attached hereto, to reflect the most current configuration and features pricing.

Letter Agreements:

2.1 Remove and replace, in its entirety, Letter

Agreement 1951-3R14, "Option Aircraft - Model 737-824 Aircraft", with the revised Letter Agreement 1951-3R15 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 1951-9R9, "Option Aircraft - Model 737-724 Aircraft", with the revised Letter Agreement 1951-9R10 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: Henry H. Hart By: Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President -

Finance and Treasurer

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FILED SEPARATELY WITH THE SECURITIES

AND EXCHANGE COMMISSION PURSUANT TO

A REQUEST FOR CONFIDENTIAL TREATMENT]

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**FILED SEPARATELY WITH THE SECURITIES
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A REQUEST FOR CONFIDENTIAL TREATMENT]**

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

6-1162-DMH-1054 [CONFIDENTIAL MATERIAL OMITTED AND SA 16

**FILED SEPARATELY WITH THE SECURITIES
AND EXCHANGE COMMISSION PURSUANT TO
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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]

Table 1 to Purchase Agreement 1951

Aircraft Deliveries and Descriptions

Model 737-700 Aircraft

Table 1 to
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Model 737-800 Aircraft
CFM56-7B26 Engines
Detail Specification No. D6-38808-43
Exhibit A-2

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

1951PA/CALContinental Airlines, Inc.

AIRCRAFT CONFIGURATION

between

THE BOEING COMPANY

and

Continental Airlines, Inc.

Exhibit A-1 to Purchase Agreement Number 1951

AIRCRAFT CONFIGURATION

Dated June 29, 2001

relating to

BOEING MODEL 737-724 AIRCRAFT

Exhibit A-1

The Detail Specification is Customer Detail Specification D6-38808-42 Revision A dated November 1, 1998. Such Detail Specification will be comprised of Boeing Configuration Specification D6- 38808 Revision F dated March 8, 1996 as amended to incorporate the applicable specification language to reflect the effect of the changes set forth in the Change Requests and Master Changes listed below, including the effects of such changes on Manufacturer's Empty Weight (MEW) and Operating Empty Weight (OEW). Such Change Requests and Master Changes are set forth in Boeing Document D6-39049. As soon as practicable, Boeing will furnish to Buyer copies of the Detail Specification, which copies will reflect the effect of such changes. The Aircraft Basic Price will reflect and include all effects of such changes of price, except such Aircraft Basic Price will not include the price effects of Change Requests changing Buyer Furnished Equipment to Seller Purchased Equipment.

Exhibit A-1 to

Purchase Agreement No. 1951

Page 3

PRICE

PER A/P

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

CR / TITLE Follow on A/P

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

Note: **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** The price does not include accepted but unincorporated change orders. **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

1951-3R15

June 29, 2001

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Letter Agreement No. 1951-3R15 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 1951-3R14 dated March 30, 2001.

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 Number of

of Delivery_ Option Aircraft

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

2. Price.

The basic price of the Option Aircraft shall be **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**. In addition, Option Aircraft scheduled for delivery before March 2003 shall be priced in **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** dollars.

3. Option Aircraft Deposit.

In consideration of Boeing's grant to Buyer of options to purchase the Option Aircraft as set forth herein, Buyer has paid a deposit to Boeing of **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** for each Option Aircraft (the Option Deposit) prior to the date of this Letter Agreement. If 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.

If 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 canceling 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.

If an option is cancelled as provided above, 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/ Henry H. Hart

Its Attorney In Fact

ACCEPTED AND AGREED TO this

Date: June 29, 2001

CONTINENTAL AIRLINES, INC.,

By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Attachment

Model 737-824 Aircraft

1. Option Aircraft Description and Changes.

1.1 Aircraft Description. The Option Aircraft are described by Boeing Detail Specification D6-38808-43, dated 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 737-800 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 Option Aircraft 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 **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** 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.

1951-9R10

June 29, 2001

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Letter Agreement No. 1951-9R10 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 1951-9R9 dated March 30, 2001.

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

In consideration of Buyer's purchase of the Aircraft, Boeing hereby agrees to manufacture and sell up to **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** additional Model 737-724 Aircraft (the Option Aircraft) to Buyer, on the same terms and conditions set forth in the Agreement, except as otherwise described in Attachment A hereto, and subject to the terms and conditions set forth below.

1. Delivery.

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

Month and Year Number of

of Delivery_ Option Aircraft

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

Month and Year Number of

of Delivery Option Aircraft

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

2. Price.

The basic price of the Option Aircraft shall be the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**. In addition, Option Aircraft scheduled for delivery before January 2003 shall be priced in **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** dollars.

3. Option Aircraft Deposit.

In consideration of Boeing's grant to Buyer of options to purchase the Option Aircraft as set forth herein, Buyer has paid a deposit to Boeing of **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** for each Option Aircraft (the Option Deposit) on the date of this Letter Agreement. If 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.

If 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).

If 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.

If an option is cancelled as provided above, 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/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 29, 2001

CONTINENTAL AIRLINES, INC.,

By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Attachment

Model 737-724 Aircraft

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 November 1, 1998, 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 Option Aircraft 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 **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** 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. 8

to

Purchase Agreement No. 2061

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 777 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of June 29, 2001, by and between THE BOEING COMPANY, a Delaware corporation with its principal office in Seattle, Washington, (Boeing) and Continental Airlines, Inc., a Delaware corporation with its principal office in Houston, Texas (Customer);

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

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

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, Tables and Exhibits:

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. 8.

2. Letter Agreements:

Remove and replace, in its entirety, Letter Agreement 2061-1R4 "Option Aircraft", with the revised Letter Agreement 2061-1R5 attached hereto, to reflect **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**.

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

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

THE BOEING COMPANY Continental Airlines, Inc.

By: /s/ Henry H. Hart By: /s/ Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President -

Finance and Treasurer

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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

Supplemental Agreement No. 7 October 31, 2000

Supplemental Agreement No. 8 June 29, 2001

June 29, 2001

2061-1R5

Continental Airlines, Inc.

1600 Smith Street

Houston, TX 77002

Subject: Option Aircraft

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

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement. All terms used but not defined in this Letter Agreement have the same meaning as in the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 2061-1R4 dated October 31, 2000.

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

1. Aircraft Description and Changes

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

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

(i) Changes applicable to the basic Model 777 aircraft which are developed by Boeing between the date of the Detail Specification and the signing of the definitive agreement to purchase the Option Aircraft;

(ii) Changes required to obtain required regulatory certificates; and

i. Changes mutually agreed upon.

2. Price

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

2.2 Price Adjustments.

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

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

The engine manufacturer's current escalation provisions, listed in Exhibit Supplement EE2 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 777-200ER aircraft and engines for delivery in the year 2003 and after. When prices and the pricing bases are established for the Model 777-200ER aircraft delivering in the year 2003 and after, the information listed in the Attachment will be appropriately amended.

3. Payment.

3.1 Customer has paid a deposit to Boeing in the amount shown in the Attachment opposite the caption "Non-Refundable Deposit per Aircraft" for each Option Aircraft (the Option Deposit), prior to the date of this Letter Agreement. If Customer exercises an option, the Option Deposit will be credited against the first advance payment due. If Customer does not exercise an option, Boeing will retain the Option Deposit for that Option Aircraft.

3.2 Following option exercise, advance payments in the amounts and at the times listed in the Attachment in the columns under the caption "Advance Payment Per Aircraft" will be payable for the Option Aircraft.

The remainder of the Aircraft Price for the Option Aircraft will be paid at the time of delivery.

4. Option Exercise.

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

5. Contract Terms.

Boeing and Customer will use their best efforts to reach a definitive agreement for the purchase of an Option Aircraft if Customer excises its option to acquire such Option Aircraft, including the terms and conditions contained in this Letter Agreement, in the Purchase Agreement, and other terms and conditions as may be agreed upon to add the Option Aircraft to the Purchase Agreement as an Aircraft. If the parties have not entered into a definitive agreement within 30 days following option exercise, either party may terminate the purchase of such Option Aircraft by giving written notice to the other within 5 days. **[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/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: June 29, 2001

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President - Finance and Treasurer

Attachment

Attachment to

Letter Agreement 2061-1R5 Option Aircraft Delivery,

Description, Price and Advance Payments

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

Supplemental Agreement No. 4

to

Purchase Agreement No. 2211

between

The Boeing Company

and

Continental Airlines, Inc.

Relating to Boeing Model 767-200ER Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of April 10, 2001, 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. 2211 dated November 16, 1998, (the Purchase Agreement) relating to Boeing Model 767-200ER aircraft, (Aircraft); and

WHEREAS, Boeing and Customer have mutually agreed to amend and restate the terms of the "Special Matters" letter applicable to the Aircraft to reflect certain agreements between Boeing and Customer comparable to similar agreements between Boeing and Customer regarding other aircraft; and

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

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

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

1. Table of Contents:

Remove and replace, in its entirety, the "Table of Contents", with the "Table of Contents", attached hereto, to reflect the changes made by this Supplemental Agreement No. 4.

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 2211-01R2 "Option Aircraft", with the revised Letter Agreement 2211-01R3, attached hereto.

2.2 Remove and replace, in its entirety, Letter Agreement 6-1162-JMG-0092R1 "Special Matters", with the revised Letter Agreement 6-1162-JMG-0092R2, attached hereto.

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/ Henry H. Hart By: /s/ Gerald Laderman

Its: Attorney-In-Fact Its: Senior Vice President-Finance

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SUPPLEMENTAL AGREEMENTS Dated as of:

Supplemental Agreement No. 1 July 2, 1999

Supplemental Agreement No. 2 October 31, 2000

Supplemental Agreement No. 3 February 14, 2001

Supplemental Agreement No. 4 April 10, 2001

April 10, 2001

2211-01R3

Continental Airlines, Inc.

1600 Smith Street

Houston, TX 77002

Subject: Option Aircraft

Reference: Purchase Agreement 2211 (the Purchase Agreement) between The Boeing Company (Boeing) and Continental Airlines, Inc. (Customer) relating to Model 767-224ER aircraft (the Aircraft)

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 2211-01R2, dated October 31, 2000.

Boeing agrees to manufacture and sell to Customer additional Model 767-224ER 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 767 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 selected 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, 2005, will be escalated on the same basis as the Aircraft, and will be adjusted to Boeing's then-current escalation provisions as of the date of execution of the definitive agreement for the Option 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, 2005, 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 767-224ER aircraft and engines for delivery in the year 2005 and after. When prices and the pricing bases are established for the Model 767-224ER aircraft delivering in the year 2005 and after, the information listed in the Attachment will be appropriately amended.

3. Payment.

3.1 Customer has paid a deposit to Boeing in the amount shown in the Attachment for each Option Aircraft (Deposit), prior to 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/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: April 10, 2001

Continental Airlines, Inc.

By /s/ Gerald Laderman

Its Senior Vice President - Finance

Attachment

Attachment to
Letter Agreement No. 2211-01R3
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]

April 10, 2001

6-1162-JMG-0092R2

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Special Matters

Reference: Purchase Agreement No. 2211 (the Purchase Agreement)

between The Boeing Company (Boeing) and Continental

Airlines, Inc. (Customer) relating to Model 767-224ER aircraft (the Aircraft)

Ladies and Gentlemen:

This Letter Agreement amends and supplements the Purchase Agreement . All terms used and not defined in this Letter Agreement shall have the same meaning as in the Purchase Agreement. This Letter Agreement supersedes and replaces in its entirety Letter Agreement 6-1162-JMG-0092R1 dated July 2, 1999.

1. Credit Memoranda.

In consideration of Customer's purchase of Model 767-224ER Aircraft, Boeing shall issue at the time of delivery of each Aircraft and Option Aircraft, a credit memorandum in an amount equal to **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**. The credit memorandum is subject to the same airframe escalation as is used to calculate the Aircraft Price at the time of delivery. The credit memorandum may be used by Customer for the purchase of Boeing goods and services or applied to the balance due at the time of Aircraft delivery.

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

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

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

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

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

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

6. Option Aircraft.

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

7. Aircraft Invoices.

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

8. Assignment of Credits.

Customer may not assign the credit memoranda described in this Letter Agreement without Boeing's prior written consent
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

9. Confidential Treatment.

Boeing and Customer understand that certain information contained in this Letter Agreement, including any attachments hereto, are considered by both parties to be confidential. Boeing and Customer agree that each party will treat this Letter Agreement and the information contained herein as confidential and will not, without the other party's prior written consent, disclose this Letter Agreement or any information contained herein to any other person or entity except as may be required by applicable law or governmental regulations.

Very truly yours,

THE BOEING COMPANY

By /s/ Henry H. Hart

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: April 10, 2001

CONTINENTAL AIRLINES, INC.

By /s/ Gerald Laderman

