UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2003

OR

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

THE SECURITIES EXCHANGE ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number 1-10323

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

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

1600 Smith Street, Dept. HQSEO

Houston, Texas 77002

(Address of principal executive offices)

(Zip Code)

713-324-2950

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12B-2 of the Exchange Act). Yes X No _____

_____

As of April 14, 2003, 65,738,403 shares of Class B common stock were outstanding.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	Three Months Ended March 31,	
	2003	2002
	(Unaudited)	
Operating Revenue:		
Passenger	$1,872	$1,872
Cargo, mail and other	170	121
	2,042	1,993
Operating Expenses:		
Wages, salaries and related costs	778	732
Aircraft fuel	347	208
Aircraft rentals	223	228
Landing fees and other rentals	152	161
Maintenance, materials and repairs	133	114
Depreciation and amortization	116	106
Reservations and sales	91	102
Passenger services	70	77
Fleet impairment losses and other special charges	65	90
Commissions	36	70
Other	255	292
	2,266	2,180
Operating Loss	(224)	(187)
Nonoperating Income (Expense):		
Interest expense	(95)	(82)
Interest capitalized	7	11
Interest income	5	5
Other, net	(3)	(1)
	(86)	(67)
Loss before Income Taxes and Minority Interest	(310)	(254)
Income Tax Benefit	103	90
Minority Interest	(12)	-
Distributions on Preferred Securities of Trust, net of applicable income taxes of $1 and $1, respectively	(2)	(2)
Net Loss	$ (221)	$ (166)
Basic and Diluted Loss per Share	$ (3.38)	$ (2.61)
Shares Used for Basic and Diluted Computation	65.3	63.5

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

CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except for share data)

ASSETS	March 31, 2003 (Unaudited)	December 31, 2002	March 31, 2002 (Unaudited)
Current Assets:			
Cash and cash equivalents, including	$ 1,058	$ 1,225	$ 1,091
restricted cash of $63, $62, and $173			
Short-term investments	123	117	105
Accounts receivable, net	445	377	542
Spare parts and supplies, net	239	248	272
Deferred income taxes	182	165	210
Prepayments and other	213	145	202
Total current assets	2,260	2,277	2,422
Property and Equipment:			
Owned property and equipment:			
Flight equipment	6,689	6,762	6,360
Other	1,278	1,275	1,137
	7,967	8,037	7,497
Less: Accumulated depreciation	1,686	1,599	1,331
	6,281	6,438	6,166
Purchase deposits for flight equipment	266	269	337
Capital leases:			
Flight equipment	117	117	223
Other	284	262	246
	401	379	469
Less: Accumulated amortization	124	118	200
	277	261	269
Total property and equipment	6,824	6,968	6,772
Other Assets:			
Routes	684	684	684
Airport operating rights, net	319	325	342
Intangible pension asset	144	144	148
Investment in unconsolidated subsidiaries	78	82	74
Other assets, net	281	260	249
Total Assets	$10,590	$10,740	$10,691

(continued on next page)

CONTINENTAL AIRLINES, INC.

CONSOLIDATED BALANCE SHEETS

(In millions, except for share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2003 (Unaudited)	December 31, 2002	March 31, 2002 (Unaudited)
Current Liabilities:			
Current maturities of long-term debt and	$ 507	$ 493	$ 487

capital leases			
Accounts payable	964	930	887
Air traffic liability	1,001	882	1,173
Accrued payroll	312	285	314
Accrued other liabilities	353	336	329
Total current liabilities	3,137	2,926	3,190
Long-Term Debt and Capital Leases	5,096	5,222	4,976
Deferred Income Taxes	431	520	643
Accrued Pension Liability	796	723	342
Other	319	329	283
Commitments and Contingencies			
Minority Interest	19	7	-
Mandatorily Redeemable Preferred Securities of	-	-	
Subsidiary Trust Holding Solely Convertible	241	241	243
Subordinated Debentures of Continental			
Redeemable Preferred Stock of Subsidiary	5	5	-
Stockholders' Equity:			
Preferred Stock - $.01 par, 10,000,000 shares			
authorized; one share of Series B issued and	-	-	-
outstanding, stated at par value			
Class B common stock - $.01 par, 200,000,000 shares			
authorized; 91,202,972, 91,203,321 and 89,098,340	1	1	
shares issued			1
Additional paid-in capital	1,393	1,391	1,077
Retained earnings	689	910	1,195
Accumulated other comprehensive loss	(397)	(395)	(119)
Treasury stock - 25,464,569, 25,442,529 and	(1,140)	(1,140)	(1,140)
25,442,529 shares, at cost			
Total stockholders' equity	546	767	1,014
Total Liabilities and Stockholders' Equity	$ 10,590	$ 10,740	$10,691

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

CONTINENTAL AIRLINES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

	Three Months Ended March 31,	
	2003	2002
	(Unaudited)	
Net cash used in operations	$ $ (18)	$ (119)

Cash Flows from Investing Activities:		
Capital expenditures	(38)	(139)
Purchase deposits paid in connection with future		(18)
aircraft deliveries	(8)	
Purchase deposits refunded in connection with	15	110
aircraft delivered		
Purchase of short-term investments	(6)	(105)
Other	5	(10)
Net cash used in investing activities	(32)	(162)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net	-	216
Payments on long-term debt and capital lease	(118)	(126)
obligations		
Other	-	7
Net cash (used in) provided by financing activities	(118)	97
Net Decrease in Cash and Cash Equivalents	(168)	(184)
Cash and Cash Equivalents - Beginning of Period (1)	1,163	1,102
Cash and Cash Equivalents - End of Period (1)	$ 995	$ 918
Investing and Financing Activities Not Affecting Cash:		
Property and equipment acquired through the issuance of debt	$ -	$ 663

1. Excludes restricted cash.

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

CONTINENTAL AIRLINES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

In our opinion, the unaudited consolidated financial statements included herein contain all adjustments necessary to present fairly our financial position, results of operations and cash flows for the periods indicated. Such adjustments are of a normal, recurring nature, except for fleet impairment losses and other special charges. The accompanying consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto contained in our Annual Report on Form 10-K for the year ended December 31, 2002 (the "2002 10-K"). As used in these Notes to Consolidated Financial Statements, the terms "Continental", "we", "us", "our" and similar terms refer to Continental Airlines, Inc. and, unless the context indicates otherwise, our subsidiaries. "Holdings" refers to our 53.1%-owned subsidiary, ExpressJet Holdings, Inc., and "ExpressJet" refers to ExpressJet Airlines, Inc., Holdings' wholly owned subsidiary which operates as Continental Express.

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

NOTE 1 - LOSS PER SHARE

Weighted average options to purchase approximately seven million and one million shares of our Class B common stock were not included in the computation of diluted loss per share for the three months ended March 31, 2003 and 2002, respectively, because the options' exercise prices were greater than the average market price of the common shares and, therefore, the effect would have been antidilutive. Preferred Securities of Trust and convertible notes were also antidilutive. As a result, there was no difference between basic and diluted loss per share for each of the three months ended March 31, 2003 and 2002, respectively.

NOTE 2 - STOCK PLANS AND AWARDS

We account for our stock-based compensation plans under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees". No stock-based employee compensation cost for our stock option plans is reflected in our consolidated

statement of operations, as all options granted under our plans have an exercise price equal to the market value of the underlying common stock on the date of grant.

The following table illustrates the pro forma effect on net loss and loss per share if we had applied the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") 123, "Accounting for Stock-based Compensation," for the three months ended March 31, 2003 and 2002 (in millions except per share amounts).

	2003	2002
Net loss, as reported	$ (221)	$(166)
Deduct total stock-based employee compensation expense determined under SFAS 123, net of tax	(2)	(1)
Net loss, pro forma	$ (223)	$ (167)
Basic and diluted loss per share:		
As reported	$(3.38)	$(2.61)
Pro forma	$(3.42)	$(2.64)

NOTE 3 - COMPREHENSIVE LOSS

We include in other comprehensive loss changes in minimum pension liabilities and changes in the fair value of derivative financial instruments which qualify for hedge accounting. For the first quarter of 2003 and 2002, total comprehensive loss amounted to $223 million and $155 million, respectively. The difference between the net loss and total comprehensive loss for each period was attributable to changes in the fair value of derivative financial instruments.

NOTE 4 - NEW ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2003, we adopted SFAS 146, "Accounting for Costs Associated with Disposal or Exit Activities", which requires that liabilities for the costs associated with exit or disposal activities be recognized when the liabilities are incurred, rather than when an entity commits to an exit plan. The new rules change the timing of liability and expense recognition related to exit or disposal activities, but not the ultimate amount of such expenses.

We also adopted Financial Accounting Standards Board ("FASB") Interpretation 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others". Interpretation 45 requires a guarantor to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. This interpretation applies to guarantees issued or modified after December 31, 2002 and has had no impact on our consolidated results of operations or consolidated balance sheet.

FASB Interpretation 46, "Consolidation of Variable Interest Entities", requires that companies that control another entity through interests other than voting interests should consolidate the controlled entity. Interpretation 46 currently applies to variable interest entities created after January 31, 2003 and to variable interest entities in which a company obtains an interest after that date. Since we had no such interests arising after January 31, 2003, this interpretation has had no impact on our consolidated results of operations or consolidated balance sheet to date.

Beginning in the third quarter of 2003, we must apply Interpretation 46 to all interests in variable interest entities existing prior to January 31, 2003. We have entered into two types of transactions prior to January 31, 2003 that may be impacted by this interpretation. We are the lessee in a series of leveraged leases covering the majority of our leased aircraft. The lessors are financing entities that we do not consolidate. These operating leases typically contain a fixed-price purchase option; however, we generally are not at risk for losses. We currently believe that it is unlikely that we will be required to consolidate the underlying entities upon application of the interpretation. We are also the lessee under long-term operating leases at a number of airports where we are the guarantor of the underlying debt, as discussed in Note 9. We have risk of loss due to our guarantees. We are evaluating the applicability of this interpretation to our airport lease arrangements and the possible impact on our future consolidated results of operations or consolidated balance sheet.

NOTE 5 - FLEET INFORMATION

As shown in the following table, our operating aircraft fleet consisted of 362 mainline jets and 200 regional jets at March 31, 2003, excluding aircraft out of service. Our purchase commitments (firm orders) for aircraft, as well as options to purchase additional aircraft as of March 31, 2003 are also shown below.

Aircraft Type	Total Aircraft	Owned	Leased	Firm Orders	Options
777-200ER	18	6	12	-	3
767-400ER	16	14	2	-	-
767-200ER	10	9	1	-	2
757-300	4	4	-	11	11
757-200	41	13	28	-	-
737-900	12	8	4	3	12
737-800	77	22	55	38	35
737-700	36	12	24	15	24
737-500	64	15	49	-	-
737-300	56	14	42	-	-
MD-80	28	8	20	-	-
Mainline Jets	362	125	237	67	87
ERJ-145XR	30	-	30	74	100
ERJ-145	140	18	122	-	-
ERJ-135	30	-	30	-	-
Regional Jets	200	18	182	74	100
Total	562	143	419		

As of March 31, 2003, we had the following aircraft out of service:

Aircraft Type	Owned	Leased	Total Aircraft	Temporarily Grounded	Permanently Grounded or Expiring Lease
DC 10-30	4	7	11	-	11
MD-80	8	5	13	11	2
737-500	-	1	1	-	1
737-300	-	1	1	-	1
747-200	2	-	2	-	2
EMB-120	8	10	18	-	18
ATR-42-320	-	22	22	-	22
Total	22	46	68	11	57

The 22 owned out-of-service aircraft are being carried at an aggregate fair market value of $36 million. In the first quarter of 2003, we sold eight owned ATR-42-320s and one MD-80 and returned three leased MD-80s to the lessor. We currently sublease three of the leased out-of-service aircraft to third parties and continue to explore sublease or sale opportunities for the remaining out-of-service aircraft that do not have near-term lease expirations. The timing of the disposition of these aircraft will depend on the stabilization of the economic environment in the airline industry as well as our ability to find purchasers or sublessees for the aircraft. We cannot predict when such stabilization will occur or if purchasers or sublessees can be found, and it is possible that our assets (including aircraft currently in service) could suffer additional impairment.

During the first quarter of 2003, ExpressJet took delivery of 12 ERJ-145XR aircraft. We removed from service one 737-500, two 737-300 and one MD-80 aircraft, primarily in conjunction with the expiration of their lease terms. During the remaining three quarters of 2003, we plan to retire 13 mainline jet aircraft (mainly 737-300 aircraft) from service (including four in the second quarter).

As of March 31, 2003, we had firm purchase commitments for 67 Boeing aircraft with an estimated cost of approximately $2.5 billion and options to purchase an additional 87 Boeing aircraft exercisable through 2007. The 67 firm aircraft are scheduled to be delivered between late 2003 and mid 2008, with four Boeing 737-800 aircraft scheduled for delivery in the fourth quarter of 2003. We have been offered backstop financing for approximately 12 firm aircraft and are currently in negotiations regarding the offer. We do not have backstop financing or any other financing currently in place for the remainder of the firm aircraft. In addition, at March 31, 2003, we had firm commitments to purchase 13 spare engines related to the new Boeing aircraft for approximately $80 million. We do not have any financing currently in place for such spare engines. These spare engines are scheduled to be delivered through March 2005. Further financing will be needed to satisfy our capital commitments for our aircraft and aircraft-related expenditures such as engines, spare parts and related items. There can be no assurance that sufficient financing will be available for the aircraft on order and other capital expenditures.

As of March 31, 2003, ExpressJet had firm commitments for an additional 74 Embraer regional jets with an estimated aggregate cost of $1.5 billion and options to purchase an additional 100 Embraer regional jets exercisable through 2008. Effective February 26, 2003, ExpressJet and Embraer amended the purchase agreement to slow the pace of regional jet deliveries. ExpressJet will take delivery of 24 regional jets during the remainder of 2003 (for a total of 36 in 2003), down from its original plan for 48 deliveries, and will take 21 aircraft deliveries in 2004, down from 36. As a result, ExpressJet will increase its aircraft deliveries to 21 and eight for 2005 and 2006, up from two and zero for these years, respectively. ExpressJet does not have any financing currently in place for these aircraft. However, ExpressJet does not have any obligation to take any of these firm aircraft that are not financed by a third party and leased either to them or us. In addition, ExpressJet expects to purchase 15 s pare engines for approximately $41 million through 2006. ExpressJet does not have any financing currently in place for such spare engines. ExpressJet would have no obligation to acquire the spare engines if the firm order aircraft are not delivered for any reason.

Substantially all of the aircraft and engines we own are subject to mortgages. A significant portion of our spare parts inventory is also encumbered.

NOTE 6 - FLEET IMPAIRMENT LOSSES AND OTHER SPECIAL CHARGES

We recorded fleet impairment losses in the first quarters of both 2003 and 2002, each of which was partially the result of the September 11, 2001 terrorist attacks and their related aftermath. The 2003 charge also reflects the impact of the war in Iraq and the resulting deterioration of the already weak revenue environment for the U.S. airline industry. In the first quarter of 2003, we recorded fleet impairment losses and other special charges of $65 million ($41 million after income taxes). This charge consisted of a $44 million additional impairment of our fleet of owned MD-80s, which was initially determined to be impaired and written down to fair value in 2002. The remainder of the charge consisted primarily of the write-down to market value of spare parts inventory for permanently grounded fleets. These write-downs were necessary because the fair market values of the MD-80 fleet and spare parts inventory had declined as a result of the difficult financial environment and further reductions in capacity by U.S. airlines.

In the first quarter of 2002, we recorded a fleet charge of $90 million ($57 million after taxes) primarily in connection with the permanent grounding and retirement of our leased DC10-30 fleet. The majority of the charge related to future commitments under noncancelable lease agreements past the dates the aircraft were permanently removed from service. The remainder of the charge related to costs expected to be incurred related to the storage and return of these aircraft.

Activity related to the accruals for future lease payments, return condition and storage costs and closure/under-utilization of facilities for the three months ending March 31, 2003 are as follows (in millions):

	Beginning Balance	Accrual	Payments	Ending Balance
Allowance for future lease payments, return condition and storage costs	$107	$ -	$(12)	$95
Closure/under-utilization of facilities	22	-	(1)	21

NOTE 7 - CAPACITY PURCHASE AGREEMENT

Our capacity purchase agreement with Holdings and ExpressJet provides that we purchase in advance all of ExpressJet's available seat miles for a negotiated price, and we are at risk for reselling the available seat miles at market prices. Our payments to ExpressJet under the capacity purchase agreement totaled $307 million and $266 million in the three months ended March 31, 2003 and 2002, respectively. These payments are eliminated in our consolidated financial statements.

In March 2003, in connection with ExpressJet's agreeing to slow the delivery of regional jets from Embraer (see discussion in Note 5), we extended by one year, to December 31, 2006, our agreement that ExpressJet will be the sole provider to us of regional jet

service in our hubs and agreed that the first date on which we may exercise our right to terminate the capacity purchase agreement without cause would be extended by one year to January 1, 2007.

Set forth below are estimates of our future minimum noncancelable commitments under the capacity purchase agreement, as amended, excluding the underlying obligations for aircraft and facility rent (in millions):

April 1, 2003 through December 31, 2003	$ 822
2004	1,151
2005	891
2006	909
2007 and thereafter	375
Total	$4,148

It is important to note that in making the assumptions used to develop these estimates, we are attempting to estimate our minimum noncancelable commitments and not the amounts that we currently expect to pay to ExpressJet (which amounts are expected to be higher as we do not currently expect to reduce capacity under the agreement to the extent assumed above or terminate the agreement at the earliest possible date). In addition, our actual minimum noncancelable commitments to ExpressJet could differ materially from the estimates discussed above, because actual events could differ materially from the assumptions used to develop these estimates.

NOTE 8 - SEGMENT REPORTING

We have two reportable segments: (1) mainline jet and (2) regional jet and turboprop (turboprops were removed entirely from our fleet in 2002). We evaluate segment performance based on several factors, of which the primary financial measure is operating income (loss). Since assets can be readily moved between the two segments and are often shared, we do not report information about total assets or capital expenditures between the segments.

Financial information for the three months ended March 31 by business segment is set forth below (in millions):

	2003	2002
Operating Revenue:		
Mainline Jet	$1,776	$1,781
Regional Jet and Turboprop	266	212
Total Consolidated	$2,042	$1,993
Operating Loss:		
Mainline Jet	$ (179)	$ (132)
Regional Jet and Turboprop	(45)	(55)
Total Consolidated	$ (224)	$ (187)
Net Loss:		
Mainline Jet	$ (173)	$ (128)
Regional Jet and Turboprop	(48)	(38)
Total Consolidated	$ (221)	$ (166)

The amounts presented above for the regional jet and turboprop segment are not the same as the amounts reported in stand-alone financial statements of Holdings. The amounts presented above are presented on the basis of how our management reviews segment results. Under this basis, the regional jet and turboprop segment's revenue includes a pro-rated share of our ticket revenue for segments flown by Holdings, and expenses include all activity related to the regional jet and turboprop operations, regardless of whether the costs were paid by us or by Holdings. Net income for the regional jet and turboprop segment for the three months

ended March 31, 2003 reflects a $12 million after tax reduction in earnings attributable to the minority interest that is reflected in our consolidated statement of operations.

Holdings' stand-alone financial statements, and the calculation of minority interest in our consolidated financial statements, are both based on Holdings' results of operations under the capacity purchase agreement. Under this agreement, we pay Holdings for each scheduled block hour based on an agreed formula. On this basis, selected Holdings' results of operations were as follows for the three months ended March 31, 2003 and 2002 (in millions):

	2003	2002
Revenue	$307	$265
Operating Income	43	36
Net Income	26	20

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Financings and Guarantees. We are the guarantor of approximately $1.6 billion aggregate principal amount of tax-exempt special facilities revenue bonds and interest thereon (excludes the City of Houston bonds and includes the US Airways contingent liability, both discussed below). Excluding the US Airways contingent liability, these bonds, issued by various airport municipalities, are payable solely from our rentals paid under long-term agreements with the respective governing bodies.

In August 2001, the City of Houston completed the offering of $324 million aggregate principal amount of tax-exempt special facilities revenue bonds to finance the construction of Terminal E at Bush Intercontinental Airport. This project will add 20 gates to our Houston hub. We expect to begin using seven gates for domestic operations in the summer of 2003, and expect the entire terminal to be substantially completed in December 2003. The final phase of our Terminal E project, the international ticketing hall facility, is projected to be substantially completed in the spring of 2005, at which time the City of Houston is also expected to complete a new federal customs and immigration facility, enabling both domestic and international use of the entire Terminal E concourse.

In connection therewith, we entered into a long-term lease with the City of Houston requiring that upon completion of construction, with limited exceptions, we will make rental payments sufficient to service the related tax-exempt bonds through their maturity in 2029. Approximately $146 million of the bond proceeds had been expended as of March 31, 2003 and this project is proceeding within budget. During the construction period, we retain the risks related to our own actions or inactions while managing portions of the construction. Potential obligations associated with these risks are generally limited based upon the percentages of construction costs incurred to date. We have also entered into a binding corporate guaranty with the bond trustee for the repayment of the principal and interest on the bonds that becomes effective upon the completion of construction, our failure to comply with the lease (which is within our control), or our termination of the lease. Further, we have not assumed any condemnation risk, casualty event risk (unless caused by us), or risk related to certain overruns (and in the case of cost overruns, our liability for the project would be limited to 89.9% of the capitalized costs) during the construction period. Accordingly, we are not considered the owner of the project and, therefore, have not capitalized the construction costs or recorded the debt obligation in our consolidated financial statements. However, our potential obligation under the guarantee is for payment of the principal of $324 million and related interest charges, at an average rate of 6.78%.

We remain contingently liable until December 1, 2015, for US Airways' obligations under a lease agreement between US Airways and the Port Authority of New York and New Jersey related to the East End Terminal at LaGuardia airport. These obligations include the payment of ground rentals to the Port Authority and the payment of principal and interest on $182 million par value special facilities revenue bonds issued by the Port Authority. Upon its emergence from bankruptcy on March 31, 2003, US Airways assumed the lease. If US Airways defaults on these obligations, we would be required to cure the default, and we would have the right to occupy the terminal.

We also have letters of credit and performance bonds at March 31, 2003 in the amount of $145 million with expiration dates through June 2008.

General Guarantees and Indemnifications. We are the lessee under many real estate leases. It is common in such commercial lease transactions for us to agree to indemnify the lessor and other related third parties for tort liabilities that arise out of or relate to our use or occupancy of the leased premises. In some cases, this indemnity extends to related liabilities arising from the negligence of the indemnified parties, but usually excludes any liabilities caused by their gross negligence or willful misconduct. Additionally, we typically indemnify such parties for any environmental liability that arises out of or relates to our use of the leased premises.

In our aircraft financing agreements, we typically indemnify the financing parties, trustees acting on their behalf and other related parties against liabilities that arise from the manufacture, design, ownership, financing, use, operation and maintenance of the aircraft and for tort liability, whether or not these liabilities arise out of or relate to the negligence of these indemnified parties, except for their gross negligence or willful misconduct.

We expect that we would be covered by insurance (subject to deductibles) for most tort liabilities and related indemnities described above with respect to real estate we lease and aircraft we operate.

In our financing transactions that include loans from banks in which the interest rate is based on LIBOR, we typically agree to reimburse the lenders for certain increased costs that they incur in carrying these loans as a result of any change in law and for any reduced returns with respect to these loans due to any change in capital requirements. We had $1.3 billion of floating rate debt at March 31, 2003. In several financing transactions, with an aggregate carrying value of $922 million and involving loans from non-U.S. banks, export-import banks and other lenders secured by aircraft, we bear the risk of any change in tax laws that would subject loan payments thereunder to non-U.S. lenders to withholding taxes. In addition, in cross-border aircraft lease agreements for two 757 aircraft, we bear the risk of any change in U.S. tax laws that would subject lease payments made by us to a resident of Japan to U.S. taxes. Our lease obligations for these two aircraft totaled $73 million at March 31, 20 03.

We cannot estimate the potential amount of future payments under the foregoing indemnities and agreements.

Virgin Atlantic Codeshare Agreement. Effective April 1, 2003, we made adjustments to our codeshare agreement with Virgin Atlantic Airways eliminating our fixed commitment to purchase seats. We continue to codeshare on each other's flights between New York/Newark and London, and Continental continues to place its code on seven other routes flown by Virgin Atlantic between the United States and the United Kingdom.

Employees. Collective bargaining agreements between both us and ExpressJet and our respective pilots became amendable in October 2002. After being deferred due to the economic uncertainty following the September 11, 2001 terrorist attacks, negotiations recommenced with the Air Line Pilots Association in September 2002 and are continuing. We continue to believe that mutually acceptable agreements can be reached with such employees, although the ultimate outcome of the negotiations is unknown at this time.

Environmental Matters. We could be responsible for environmental remediation costs primarily related to jet fuel and solvent contamination surrounding our aircraft maintenance hangar in Los Angeles. In 2001, the California Regional Water Quality Control Board mandated a field study of the site and it was completed in September 2001. We have established a reserve for estimated losses from environmental remediation at Los Angeles and elsewhere in our system, based primarily on third party environmental remediation costs.

We expect our total losses from environmental matters, net of insurance recoveries, to be $37 million for which we were 100% accrued at March 31, 2003. Although we believe, based on currently available information, that our reserves for potential environmental remediation costs are adequate, reserves could be adjusted as further information develops or circumstances change. However, we do not expect these items to materially impact our financial condition, liquidity or our results of operations.

Legal Proceedings. Sarah Futch Hall d/b/a/ Travel Specialists v. United Air Lines, et al. (U.S. D.C. Eastern District of North Carolina). This class action was filed in federal court on June 21, 2000 by a travel agent, on behalf of herself and other similarly situated U.S. travel agents, challenging the reduction and ultimate elimination of travel agent base commissions by certain air carriers, including Continental and other domestic and international air carriers. The amended complaint alleges an unlawful agreement among the airline defendants to reduce, cap or eliminate commissions in violation of federal antitrust laws during the years 1997 to 2002. The plaintiffs seek compensatory and treble damages, injunctive relief and their attorneys' fees. The class was certified on September 18, 2002. Discovery has been completed and the trial of this lawsuit is currently scheduled to begin on September 2, 2003. We believe the plaintiffs' claims are without merit and are vigorously defendi ng this lawsuit. A final adverse court decision awarding substantial money damages, however, would have a material adverse impact on our financial condition, results of operations and liquidity.

We and/or certain of our subsidiaries are defendants in various other lawsuits, including suits relating to certain environmental claims, and proceedings arising in the normal course of business. While the outcome of these lawsuits and proceedings cannot be predicted with certainty and could have a material adverse effect on our financial position, results of operations and cash flows, it is our opinion, after consulting with counsel, that the ultimate disposition of such suits will not have a material adverse effect on our financial position, results of operations or cash flows.

NOTE 10 - SUBSEQUENT EVENT

The U.S. Senate and House of Representatives recently approved, and the President is expected to sign, a supplemental appropriations bill that includes reimbursement to U.S. air carriers for their proportional share of passenger security and air carrier security fees paid or collected by such carriers as of the date of enactment of the legislation, together with other items. Highlights of the provisions relating to U.S. air carriers, including the company, are as follows:

- $2.3 billion for reimbursement of airline security fees - both the passenger and the air carrier security fees - that have been paid or collected by the carriers as of date of enactment, to be reimbursed to the carriers not later than 30 days of the date of enactment of the legislation. Additionally, the passenger security fees will not be imposed during the period beginning June 1, 2003 and ending September 30, 2003.
- $100 million to compensate carriers for the direct costs associated with installing strengthened flight deck doors and locks.
- Aviation war risk insurance provided by the government is extended for one year to August 2004.
- Certain airlines' (including the company's) two most highly compensated executives' total compensation will be limited, during the period between April 1, 2003 and April 1, 2004, to the annual salary paid to those officers with

respect to the air carrier's fiscal year 2002 (and any violation thereof will require the carrier to repay the government the amount of its reimbursement for airline security fees described above).

Although we are still in the process of estimating the amount of the reimbursement and compensation that we will receive, we believe it will be in the range of $175 million to $200 million.

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

Results of Operations.

The following discussion contains forward-looking statements that are not limited to historical facts, but reflect our current beliefs, expectations or intentions regarding future events. In connection therewith, please see the risk factors set forth in our 2002 10-K, which identify important factors such as the war in Iraq, terrorist attacks and the resulting regulatory developments and costs, our recent operating losses and special charges, our high leverage and significant financing needs, our historical operating results, the significant cost of aircraft fuel, labor costs, certain tax matters, the Japanese economy and currency risk, competition and industry conditions, regulatory matters and the seasonal nature of the airline business, that could cause actual results to differ materially from those in the forward-looking statements. In addition to the foregoing risks, there can be no assurance that we will be able to achieve the pre-tax contributions from the revenue-generating and cost-reducing initiatives discussed below, which will depend, among other matters, on customer acceptance and competitor actions. We undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this report.

General information about us can be found at www.continental.com/company/investor. Our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with, or furnish them to, the SEC.

OVERVIEW

The current U.S. domestic airline environment is the worst in our history, and may deteriorate further if hostilities in the Middle East continue. Please see the "Overview" section of Management's Discussion and Analysis of Financial Condition and Results of Operations in our 2002 10-K for a detailed discussion of the financial and operational challenges we face.

Subsequent to the filing of our 2002 10-K, several significant developments have adversely affected our outlook.

First, the United States and certain of its allies commenced military actions in Iraq. The hostilities have significantly reduced our bookings and lowered passenger traffic. Second, the spread of Severe Acute Respiratory Syndrome, or "SARS", in China and elsewhere has caused a further decline in passenger traffic, particularly to Hong Kong and certain other cities in Asia that we serve. Both of these events have disproportionately affected our international passenger traffic. We have responded to the reduced actual and anticipated demand by announcing capacity reductions on certain trans-Atlantic and trans-Pacific routes (including the suspension of our flights between Hong Kong and Newark) and by reducing our summer schedule.

On March 19, 2003, we announced plans to implement measures designed to improve our current 2004 pre-tax outlook by $500 million, although we have not yet identified all of the measures to achieve that goal. Our goal is for these measures to result in savings of more than $100 million in the current year. Cost-saving measures to be implemented include a significant reduction in distribution expenses through increased utilization of our website, continental.com, the reduction of airport facility costs and landing fees, the elimination of paper tickets worldwide by June 30, 2004, the closing of select city ticket offices and the renegotiation of contracts with key suppliers. In addition, we have begun reducing our workforce, and expect to reduce it by over 1,200 positions by December 31, 2003.

In spite of these measures, continued hostilities in the Middle East or continued soft demand could lead to further reductions in service, including service to small and medium-sized communities, and further job eliminations.

RESULTS OF OPERATIONS

We recorded a consolidated net loss of $221 million for the first quarter of 2003 as compared to consolidated net loss of $166 million for the three months ended March 31, 2002. The following discussion provides an analysis of our results of operations and reasons for material changes therein for the three months ended March 31, 2003 as compared to the corresponding period in 2002.

Total passenger revenue remained unchanged during the quarter ended March 31, 2003 as compared to the same period in 2002. Mainline jet passenger revenue decreased 3.0%, offset by a 23.8% increase in regional jet and turboprop passenger revenue.

Comparisons of passenger revenue, revenue per available seat mile (RASM) and available seat miles (ASMs) by geographic region for our mainline jet and regional jet and turboprop (turboprops were removed entirely from our fleet in 2002) operations are shown below:

	Increase (Decrease) for March 31, 2003 YTD vs. March 31, 2002 YTD		
	Passenger Revenue	RASM	ASMs

Domestic	(5.1)%	(0.6)%	(4.5)%
Latin America	(2.3)%	(5.6)%	3.5 %
Trans-Atlantic	7.6 %	(6.6)%	15.2 %
Pacific	(3.0)%	(10.4)%	8.3 %
Total Mainline Jet Operations	(3.0)%	(3.6)%	0.7 %
Regional Jet and Turboprop	23.8 %	(0.2)%	24.1 %

Cargo, mail and other revenue increased 40.5%, $49 million, during the quarter ended March 31, 2003 as compared to the same period in 2002 primarily due to increased military charter flights and higher freight volumes.

Wages, salaries and related costs increased 6.3%, $46 million, during the quarter ended March 31, 2003 as compared to the same period in 2002, primarily due to higher wage rates, partially offset by a reduction in the average number of employees and lower employee incentives.

Aircraft fuel expense increased 66.8%, $139 million, in the three months ended March 31, 2003 as compared to the same period in the prior year. The average jet fuel price per gallon increased 63.7% from 60.17 cents in the first quarter of 2002 to 98.50 cents in the first quarter of 2003.

Aircraft rentals decreased 2.2%, $5 million, primarily due to lease expirations and aircraft rent on grounded aircraft no longer requiring accrual since such amounts have been recognized as part of the fleet impairment charge, partially offset by the delivery of new aircraft.

Landing fees and other rentals decreased 5.6%, $9 million, primarily due to lower variable rent at selected airports.

Maintenance, materials and repairs increased 16.7%, $19 million, in the first quarter of 2003 compared to the first quarter of 2002 primarily due to increases in the number of airframe heavy checks and engine repair costs.

Depreciation and amortization expense increased 9.4%, $10 million, in the first quarter of 2003 compared to the first quarter of 2002 due principally to the addition of new owned aircraft and related spare parts, partially offset by lower depreciation expense on grounded aircraft which have been written down to fair value.

Reservations and sales expense decreased 10.8%, $11 million, in the first quarter of 2003 compared to the first quarter of 2002 primarily due to lower computer reservation system booking fees and credit card discount fees.

Passenger services expense decreased 9.1%, $7 million, in the first quarter of 2003 compared to the first quarter of 2002 primarily due to a decrease in food costs resulting from fewer passengers and improved operational performance, partially offset by increased passenger liability insurance costs.

Fleet impairment and other special charges in the first quarter of 2003 included a $44 million additional impairment of our owned MD-80s. The remainder of the charge consisted primarily of a write-down to market value of spare parts inventory for idled or sold fleets. Our fleet of MD-80s was determined to be impaired and was written down to fair value in 2002. The additional write-downs of the aircraft and spare parts were necessary because the fair market values of these assets have declined as a result of the difficult financial environment and further reductions in capacity by U.S. airlines.

Fleet impairment and other special charges in the first quarter of 2002 consisted of a $90 million charge primarily in connection with the permanent grounding and retirement of our leased DC 10-30 fleet. The majority of the charge related to future commitments under noncancellable lease agreements past the dates the aircraft were permanently removed from service. The remainder of the accrual related to costs expected to be incurred related to the storage and return of these aircraft.

Commission expense decreased 48.6%, $34 million, during 2003 as compared to 2002 due to elimination of domestic base commissions.

Other operating expense decreased 12.7%, $37 million, in the three months ended March 31, 2003 as compared to the same period in the prior year, primarily as a result of lower insurance costs and lower bad debt expenses incurred in 2003.

Interest expense increased 15.9%, $13 million, due to an increase in long-term debt, primarily resulting from the purchase of new aircraft.

Other nonoperating income (expense) in the three months ended March 31, 2003 included the write-off of our $6 million investment in Cordiem LLC, an internet-based procurement service.

Our effective tax rates differ from the federal statutory rate of 35% primarily due to expenses that are not deductible for federal income tax purposes, state income taxes and the accrual in 2003 of income tax expense on our share of Holdings' net income.

Minority interest of $12 million in 2003 represents the portion of Holdings' net income attributable to the 46.9% of Holdings that we do not own. This amount is based on Holdings' results of operations under the capacity purchase agreement. Under this agreement, we pay Holdings for scheduled block hours based on an agreed upon formula. Transactions between us and Holdings under the capacity purchase agreement are otherwise eliminated in the consolidated financial statements.

Certain Statistical Information

An analysis of statistical information for our operations for the periods indicated is as follows:

	Three Months Ended March 31,		Net Increase/ (Decrease)
	2003	2002	
Mainline Jet Statistics:			
Revenue passengers (thousands)	9,245	10,057	(8.1)%
Revenue passenger miles (millions) (1)	13,274	14,032	(5.4)%
Available seat miles (millions) (2)	19,076	18,951	0.7 %
Cargo ton miles (millions)	233	208	12.0 %
Passenger load factor (3)	69.6%	74.0%	(4.4) pts.
Passenger revenue per available seat mile (cents)	8.45	8.77	(3.6)%
Total revenue per available seat mile (cents)	9.31	9.40	(1.0)%
Operating cost per available seat mile including special charges (cents)	10.25	10.09	1.6 %
Fleet impairment losses and other special charges per available seat mile (cents)	0.34	0.48	NM
Average yield per revenue passenger mile (cents) (4)	12.14	11.84	2.5 %
Average price per gallon of fuel, excluding fuel taxes (cents)	98.50	60.17	63.7 %
Average price per gallon of fuel, including fuel taxes (cents)	102.87	64.39	59.8 %
Fuel gallons consumed (millions)	305	308	(1.0)%
Average fare per revenue passenger	$174.27	$165.21	5.5 %
Average length of aircraft flight (miles)	1,257	1,191	5.5 %
Average daily utilization of each aircraft (hours) (5)	9:19	9:31	(2.1)%
Actual aircraft in fleet at end of period (6)	362	364	(0.5)%
Regional Jet and Turboprop Statistics:			
Revenue passengers (thousands)	2,273	2,005	13.4 %
Revenue passenger miles (millions) (1)	1,078	835	29.1 %
Available seat miles (millions) (2)	1,767	1,424	24.1 %
Passenger load factor (3)	61.0%	58.6%	2.4 pts.
Consolidated Statistics:			
Consolidated passenger load factor (3)	68.9%	73.0%	(4.1) pts.
Consolidated breakeven passenger load factor (7)	84.5%	87.4%	(2.9) pts.

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 that those seats are flown.
3. Revenue passenger miles divided by available seat miles.
4. The average revenue received for each mile a revenue passenger is carried.
5. The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).
6. Excludes aircraft that are either temporarily or permanently removed from service.
7. The percentage of seats that must be occupied by revenue passengers for us to break even on a net income basis. After-tax fleet impairment losses and other special charges of $41 million in 2003 and $57 million in 2002 included in the consolidated breakeven passenger load factor account for 3.0 and 4.9 percentage points, respectively.

LIQUIDITY AND CAPITAL COMMITMENTS

As of March 31, 2003, we had $1.18 billion in cash, cash equivalents and short-term investments, which is $161 million lower than at December 31, 2002. Cash and cash equivalents at March 31, 2003 included $63 million of restricted cash held by us and $144 million of cash held by Holdings. Cash flows used in operations for the three months ended March 31, 2003 were $18 million compared to cash flows used in operations of $119 million in the comparable period of 2002. The 2002 period was impacted by the January 2002 payment of $168 million in transportation taxes, the payment of which had been deferred pursuant to the Air Transportation Safety and System Stabilization Act. Cash flows used in investing activities, primarily capital expenditures, were $32 million for the three months ended March 31, 2003 and $162 million for the three months ended March 31, 2002, reflecting fewer aircraft deliveries in 2003. Cash flows used by financing activities, primarily the payment of long-term debt and capital lease obligations, were $118 million for the three months ended March 31, 2003, compared to cash flows provided by financing activities of $97 million in the three months ended March 31, 2002. There were no new issuances of long-term debt in the first quarter of 2003.

We expect to incur a significant loss for the full year 2003. Absent adverse factors outside our control such as those described herein or in our 2002 10-K, we believe that our liquidity and access to cash will be sufficient to fund our current operations through 2003 (and beyond if we are successful in implementing our previously announced revenue-generating and cost cutting measures). In addition to our previously announced measures, we recently announced additional measures designed to improve our current 2004 pre-tax outlook by $500 million, although we have not yet identified all of the measures to achieve that goal. Our goal is for these measures to result in savings of more than $100 million in the current year. As part of this initiative, we have begun reducing our workforce, and expect to reduce it by over 1,200 positions by December 31, 2003. We recently announced an additional decrease in our summer schedule and our expectation of further workforce reductions.

The U.S. Senate and House of Representatives recently approved, and the President is expected to sign, a supplemental appropriations bill that includes reimbursement to U.S. air carriers for their proportional share of passenger security and air carrier security fees paid or collected by such carriers as of the date of enactment of the legislation, together with other items. Highlights of the provisions relating to U.S. air carriers, including the company, are as follows:

- $2.3 billion for reimbursement of airline security fees - both the passenger and the air carrier security fees - that have been paid or collected by the carriers as of date of enactment, to be reimbursed to the carriers not later than 30 days of the date of enactment of the legislation. Additionally, the passenger security fees will not be imposed during the period beginning June 1, 2003 and ending September 30, 2003.
- $100 million to compensate carriers for the direct costs associated with installing strengthened flight deck doors and locks.
- Aviation war risk insurance provided by the government is extended for one year to August 2004.
- Certain airlines' (including the company's) two most highly compensated executives' total compensation will be limited, during the period between April 1, 2003 and April 1, 2004, to the annual salary paid to those officers with respect to the air carrier's fiscal year 2002 (and any violation thereof will require the carrier to repay the government the amount of its reimbursement for airline security fees described above).

Although we are still in the process of estimating the amount of the reimbursement and compensation that we will receive, we believe it will be in the range of $175 million to $200 million.

On several occasions subsequent to September 11, 2001, each of Moody's Investors Service, Standard and Poor's and Fitch, IBCA, Duff & Phelps downgraded the credit ratings of a number of major airlines, including our credit ratings. Additional downgrades were made in March and April 2003 and further downgrades are possible due to the impact of the war in Iraq. Reductions in our credit ratings have increased the interest we pay on new issuances of debt and may increase the cost and reduce the availability of financing to us in the future.

We do not have any debt obligations that would be accelerated as a result of a credit rating downgrade, but under two letters of credit securing our worker's compensation program, we could be required to substitute approximately $67 million of cash collateral for spare engines that currently serve as collateral if the ratings of our senior unsecured debt are lowered below CCC- or Caa3 by Standard and Poor's or Moody's Investors Service, respectively.

At April 15, 2003, under the most restrictive provisions of a credit facility agreement with an outstanding balance of $165 million at March 31, 2003, we are required to maintain a minimum unrestricted cash balance of $600 million. Also, a separate credit facility agreement with an outstanding balance of $43 million requires, beginning in June 2003, a minimum 1:1 ratio of EBITDAR (earnings before interest, income taxes, depreciation and aircraft rentals) to fixed charges, which consist of interest expense, aircraft rental expense, cash income taxes and cash dividends, for the previous four quarters. We believe that we will be able to meet both of these covenants for the remainder of 2003.

We do not currently have any undrawn lines of credit and substantially all of our otherwise readily financeable assets are encumbered.

Purchase Commitments. We have substantial commitments for capital expenditures, including for the acquisition of new aircraft. See Note 5. Capital expenditures for 2003 are expected to be $270 million, or $250 million when reduced by purchase deposits refunded or paid. Projected capital expenditures consist of $80 million of fleet expenditures, $100 million of non-fleet expenditures and $90 million for rotable parts and capitalized interest.

Deferred Tax Assets. As of December 31, 2002, we had a net deferred tax liability of $355 million including gross deferred tax assets aggregating $1,801 million, $704 million related to net operating losses ("NOLs"), and a valuation allowance of $603

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 of an ownership change, utilization of our NOLs would be subject to an annual limitation under Section 382 determined by multiplying the value of our stock at the time of the ownership change by the applicable long-term tax-exempt rate (which is 4.61% for March 2003). Any unused annual limitation may be carried over to later years. The amount of the limitation may under certain circumstances be increased by the built-in gains in assets held by us 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, our annual NOL utilization would be limited to approximately $15 million per year other than through the recognition of future built-in gain transactions.

Pension Plans. We have several noncontributory defined benefit plans covering substantially all our employees. As of December 31, 2002, these plans were underfunded by approximately $1.2 billion as measured by SFAS 87, "Employers Accounting for Pensions". As of March 31, 2003, our contributions to the plans for the remainder of 2003 are expected to be $89 million, although contributions currently expected to be required in 2004 are significantly greater.

OUTLOOK

Based on current information and trends (including currently anticipated unit costs), we expect to incur a significant loss for the full year 2003. We expect our mainline jet passenger load factor to be flat or slightly higher for the full year compared to 2002, although against reduced capacity. We may make further reductions in capacity in response to market conditions. The reduced capacity, coupled with the fact that many of our costs are fixed in the intermediate to long term, will continue to drive higher unit costs.

Our net cash flows for the second quarter of 2003, excluding amounts expected to be received from the U.S. government, are currently expected to be slightly negative at approximately $0.5 million per day, including required debt payments and capital expenditures.

We also have significant future funding requirements for our pension plans. Absent any changes to the plans (which in most cases are subject to collective bargaining agreements with our unions) or a waiver of required payments from the Internal Revenue Service, the minimum funding requirement in 2004 related to the 2002 plan year is approximately $240 million. We expect that minimum funding requirements in 2004 relating to the 2003 plan year will also be significant. Investment returns on plan assets and changes to the discount rate used to value the pension liability will also impact the required contributions in 2004.

We believe that our costs are likely to be affected in the future by a number of factors, which are discussed in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations - Overview" of our 2002 10-K.

OTHER

On March 31, 2003, the Department of Transportation completed its review of our marketing agreement with Delta Air Lines and Northwest Airlines. When implemented, this alliance will involve codesharing, reciprocal frequent flyer benefits and reciprocal airport lounge privileges.

Effective April 1, 2003, we made adjustments to our codeshare agreement with Virgin Atlantic Airways eliminating our fixed commitment to purchase seats. We continue to codeshare on each other's flights between New York/Newark and London, and Continental continues to place its code on seven other routes flown by Virgin Atlantic between the United States and the United Kingdom.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

There have been no material changes in market risk from the information provided in Item 7A. "Quantitative and Qualitative Disclosures About Market Risk" in our 2002 10-K except as follows:

Our results of operations are significantly impacted by changes in the price of aircraft fuel. From time to time, we enter into petroleum call options and petroleum swap agreements to provide short-term protection (generally three to nine months) against a sharp increase in jet fuel prices. As of March 31, 2003, we had hedged approximately 30% of our remaining 2003 projected fuel requirements (consisting of approximately 80% of our projected fuel requirements for the second quarter of 2003) using petroleum call options. We estimate that a 10% increase in the price per gallon of aircraft fuel would increase the fair value of petroleum call options existing at March 31, 2003 by $6 million.

Also, as of March 31, 2003, we entered into option and forward contracts to hedge approximately 64% of our projected yen-denominated net cash flows for the remainder of 2003. We estimate that at March 31, 2003, a 10% strengthening in the value of the U.S. dollar relative to the yen would have increased the fair value of the existing option and forward contracts by $6 million, offset by a corresponding loss on the underlying 2003 Japanese yen exposure of $10 million, resulting in a net loss of $4 million.

Item 4. Controls and Procedures.

On April 14, 2003, our Chief Executive Officer and Chief Financial Officer performed an evaluation of our disclosure controls and procedures, which have been designed to permit us to effectively identify and timely disclose important information. They concluded that the controls and procedures were effective. We have made no significant changes in our internal controls or in other factors that could significantly affect our internal controls since April 14, 2003.

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.

None.

Item 5. Other Information.

None.

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

a. Exhibits:

3.1	Corrected Certificate of Designations of Series B Preferred Stock.
3.2	Bylaws as amended and restated through February 26, 2003.
10.1	First Amendment to Amended and Restated Capacity Purchase Agreement among Continental, ExpressJet Holdings, Inc., XJT Holdings, Inc. and ExpressJet Airlines, Inc. and dated as of March 27, 2003.
10.2	Continental Airlines, Inc. Long Term Incentive Performance Award Program as amended and restated through February 10, 2003.
10.3	Special Bonus Program for Key Management for 2003.
10.4	Early Retirement Agreement between Continental and C.D. McLean dated as of March 18, 2003.
10.5	Supplemental Agreement No. 18 to Agreement of Lease between Continental and the Port Authority of New York and New Jersey regarding Terminal C at Newark Liberty International Airport.
10.6	Supplemental Agreement No. 28 to Purchase Agreement No. 1951 between the Company and The Boeing Company, dated as of April 1, 2003, relating to the purchase of Boeing 737 aircraft. (1)
10.7	Amendment No. 28 to Purchase Agreement No. GPJ-003/96, between Empresa Brasileira de Aeronautica S.A. and ExpressJet Airlines, Inc., dated as of February 20, 2003, relating to the purchase of EMB 145 aircraft ("P.A. 3/96"). (1)
10.8	Amendment No. 29 to P.A. 3/96, dated as of February 26, 2003. (1)
99.1	Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

b. Reports on Form 8-K:

(i) Report dated January 2, 2003, reporting Item 5. "Other Events". No financial statements were filed with this report, which included a press release reporting our December 2002 and full year 2002 performance.

(ii) Report dated January 15, 2003, reporting Item 5. "Other Events". No financial statements were filed with this report, which included a press release reporting our fourth quarter and full year 2002 results of operations and a letter to investors and analysts related to our financial and operational outlook for the first quarter and full year 2003.

(iii) Report dated February 3, 2003, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release reporting our January 2003 performance.

(iv) Report dated February 4, 2003, reporting Item 9. "Regulation FD Disclosure". No financial statements were filed with this report, which included exhibits related to data being presented by some of our executive officers at a conference.

(v) Report dated March 3, 2003, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release reporting our February 2003 performance.

(vi) Report, as amended, dated March 3, 2003, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release reporting our February 2003 performance.

(vii) Report dated March 4, 2003, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a letter to investors and analysts related to our financial and operational outlook for the first quarter and full year 2003.

(viii) Report dated March 18, 2003, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release announcing the retirement of C.D. McLean, Executive Vice President and Chief Operating Officer. The press release also announces that Larry Kellner, Continental's President, had assumed Mr. McLean's responsibilities.

(ix) Report dated March 19, 2003, reporting Item 5. "Other Events". No financial statements were filed with the report, which included a press release announcing a series of cost-saving and revenue-generating initiatives and the retirement of four executive officers.

SIGNATURES

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

CONTINENTAL AIRLINES, INC.
Registrant

Date: April 16, 2003 by: /s/ Jeffrey J. Misner
Jeffrey J. Misner
Senior Vice President and
Chief Financial Officer
(On behalf of Registrant)

Date: April 16, 2003 by: /s/ Chris Kenny
Chris Kenny
Staff Vice President and Controller
(Principal Accounting Officer)

CERTIFICATIONS

I, Gordon M. Bethune, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Continental Airlines, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 16, 2003

/s/ Gordon M. Bethune

Gordon M. Bethune

Chairman of the Board and

Chief Executive Officer

I, Jeffrey J. Misner, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Continental Airlines, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a. designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
b. evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and
c. presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most

recent evaluation, to the registrant's auditors and the audit committee of registrant's

board of directors (or persons performing the equivalent function):

a. all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and
b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: April 16, 2003

/s/ Jeffrey J. Misner

Jeffrey J. Misner

Senior Vice President and

Chief Financial Officer

INDEX TO EXHIBITS

OF

CONTINENTAL AIRLINES, INC.

3.1 Corrected Certificate of Designations of Series B Preferred Stock

3.1 Corrected Certificate of Designations of Series B Preferred Stock.

3.2 Bylaws as amended and restated through February 26, 2003.

10.1 First Amendment to Amended and Restated Capacity Purchase Agreement among Continental, ExpressJet Holdings, Inc., XJT Holdings, Inc. and ExpressJet Airlines, Inc. and dated as of March 27, 2003.

10.2 Continental Airlines, Inc. Long Term Incentive Performance Award Program as amended and restated through February 10, 2003.

10.3 Special Bonus Program for Key Management for 2003.

10.4 Early Retirement Agreement between Continental and C.D. McLean dated as of March 18, 2003.

10.5 Supplemental Agreement No. 18 to Agreement of Lease between Continental and the Port Authority of New York and New Jersey regarding Terminal C at Newark Liberty International Airport.

10.6 Supplemental Agreement No. 28 to Purchase Agreement No. 1951 between the Company and The Boeing Company, dated as of April 1, 2003, relating to the purchase of Boeing 737 aircraft. (1)

10.7 Amendment No. 28 to Purchase Agreement No. GPJ-003/96, between Empresa Brasileira de Aeronautica S.A. and ExpressJet Airlines, Inc., dated as of February 20, 2003, relating to the purchase of EMB 145 aircraft ("P.A. 3/96"). (1)

10.8 Amendment No. 29 to P.A. 3/96, dated as of February 26, 2003. (1)

99.1 Certifications of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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

EXHIBIT 3.1

CORRECTED

CERTIFICATE OF DESIGNATIONS OF

SERIES B PREFERRED STOCK

(Par Value $0.01)

OF

CONTINENTAL AIRLINES, INC.

Continental Airlines, Inc., a Delaware corporation (the "Corporation"), pursuant to Section 103(f) of the Delaware General Corporation Law ("DGCL"), hereby certifies:

FIRST: The Certificate of Designations of Series B Preferred Stock (Par Value $0.01) of the Corporation filed with the Secretary of State of the State of Delaware on January 22, 2001 (the "Certificate of Designations") is an inaccurate record of the corporate action referred therein.

SECOND: The Certificate of Designations is inaccurate in that it inadvertently omitted the line "which new Holding Company does not and will not upon consummation of such" from Section 4(2)(G).

THIRD: The Certificate of Designations in correct form is attached hereto as Exhibit A.

IN WITNESS WHEREOF, this Corrected Certificate of Designations has been signed by a duly authorized officer this 4th day of March, 2003.

CONTINENTAL AIRLINES, INC.

By: /s/ Scott R. Peterson

Name: Scott Peterson

Title: Assistant Secretary

Exhibit A

CERTIFICATE OF DESIGNATIONS OF

SERIES B PREFERRED STOCK

(Par Value $0.01)

OF

CONTINENTAL AIRLINES, INC.

Pursuant to Section 151 of the

General Corporation Law of the State of Delaware

Continental Airlines, Inc., a Delaware corporation, acting in accordance with Section 151 of the General Corporation Law of the State of Delaware, does hereby submit the following Certificate of Designations of its Series B Preferred Stock.

FIRST: The name of the corporation is Continental Airlines, Inc. (the "**Corporation**").

SECOND: On November 15, 2000, and in accordance with authority conferred upon the Series B Preferred Committee (the "**Committee**") by the Board of Directors of the Corporation (the "**Board**") in accordance with the Amended and Restated Certificate of Incorporation of the Corporation (as the same may be amended or modified from time to time, the "**Certificate of Incorporation**") and the Bylaws of the Corporation , the Committee adopted the following resolutions:

WHEREAS, the Certificate of Incorporation authorizes 10,000,000 shares of preferred stock, par value $.01 per share (the "**Preferred Stock**"), issuable from time to time in one or more series;

WHEREAS, the Committee is authorized to establish and fix the number of shares to be included in a series of Preferred Stock and the designations, rights, preferences, powers, restrictions and limitations of the shares of such series in connection with the "Omnibus Agreement" (as defined below);

WHEREAS, the Committee deems it advisable to establish a series of Preferred Stock, designated as Series B Preferred Stock, par value $.01 per share; and

WHEREAS, the sole share of such series is to be issued to Northwest Airlines, Inc. ("**Northwest**"), at the closing of the transactions contemplated by, and as an inducement to the Northwest Parties (as defined below) to enter into, the Omnibus Agreement, dated as of November 15, 2000 (the "**Omnibus Agreement**"), among Northwest, Northwest Airlines Holdings Corporation, Northwest Airlines Corporation, Air Partners, L.P. (together, the "**Northwest Parties**") and the Corporation, and in connection with the amendment to the Master Alliance Agreement dated as of January 25, 1998 between Northwest and the Corporation (the "**Master Alliance Agreement**"), which amendment is being entered into pursuant to, and will be effective at the Effective Time as defined in, the Omnibus Agreement;

NOW, THEREFORE, BE IT RESOLVED, that the series of Preferred Stock designated as Series B Preferred Stock, is hereby authorized and established; and

FURTHER, RESOLVED, that the Committee does hereby fix and determine the designations, rights, preferences, powers, restrictions and limitations of the Series B Preferred Stock as follows:

Section 1. Number of Shares and Designation.

The designation of the series of Preferred Stock created by this resolution shall be "Series B Preferred Stock" (hereinafter called this "**Series**"), and the number of shares constituting this Series shall be one (the "Share"). The Share shall have a stated value of $100 and a liquidation preference of $100 (the "**Liquidation Preference**"), as described herein. The number of authorized shares of this Series shall not be increased or reduced without the affirmative vote or written consent of the holder of the Share, voting separately as a class.

Section 2. Dividends.

No dividends shall be payable in respect of the Share.

Section 3. Redemption.

(1) The Share shall not be redeemable by the Corporation except that it may be redeemed, at the option of the Corporation, for an amount equal to the Liquidation Preference upon or following the occurrence of any one of following (each, a "**Redemption Event**"):

(A) the sale, transfer, assignment, pledge, option or other disposition of the Share or any of the beneficial or voting interest therein (other than a voting interest that does not constitute an Encumbrance (as defined below), including any security derivative of such interest, by any of the Northwest Parties or their respective successors to any other Person, other than to a successor in interest to Northwest by operation of law that owns directly all or substantially all of the Airline Assets owned by Northwest, or the Encumbrance of the Share by any of the Northwest Parties or their respective successors;

(B) a NW Change of Control, unless the Corporation shall have previously notified Northwest in writing that a NW Change of Control will not be deemed to occur by virtue of the relevant event;

(C) any of the Northwest Parties committing (i) an inadvertent breach of any provision of Section 1.01, Section 1.03(a) or Section 1.04 of the Standstill Agreement being entered into by the Corporation and certain of the Northwest Parties in accordance with the Omnibus Agreement that is not cured within fifteen days of receipt by Northwest of notice from the Corporation of such breach or (ii) any other breach in any material respect of Section 1.01, 1.03(a) or 1.04 or any breach in any material respect of Section 1.02, 1.03(b), 1.03(c), 1.03(d), 1.03(e), 1.03(f) or 1.03(g) (but only to the extent that the actions covered

by Section 1.03(g) relate to Section 1.03(b), 1.03(c), 1.03(d), 1.03(e) or 1.03(f)) of the Standstill Agreement;

(D) the taking of any action by any of the Northwest Parties which has the effect or result of, or any of the Northwest Parties otherwise causing, any of them to become an "Acquiring Person" under the Amended and Restated Rights Agreement (as defined in the Omnibus Agreement), as amended from time to time (the **"Rights Agreement"**), or any successor agreement; or

(E) the Master Alliance Agreement, as amended from time to time, being terminated or expiring, other than as a result of a breach or wrongful termination thereof by the Corporation or its successor thereunder.

(2) Notice of redemption of the Series B Preferred Stock shall be sent by or on behalf of the Corporation, by first class mail, postage prepaid, to Northwest at its address as it shall appear on the records of the Corporation, (i) notifying Northwest of the redemption of the Share and (ii) stating the place at which the certificate evidencing the Share shall be surrendered. The Corporation shall act as the transfer agent for the Series B Preferred Stock.

(3) From and after the notice of redemption having been duly given, and the redemption price having been paid or irrevocably set aside for payment, the Share shall no longer be, or be deemed to be, outstanding for any purpose, and all rights, preference and powers (including voting rights and powers) of the holder of the Share shall automatically cease and terminate, except the right of Northwest, upon surrender of the certificate for the Share, to receive the redemption price.

Section 4. Voting.

Neither the Share nor its holder (in respect of the Share) shall have any voting rights or powers either general or special, except:

(1) As required by law;

(2) The affirmative vote or written consent of the holder of the Share, voting separately as a class, given in person or by proxy, shall be necessary for authorizing, approving, effecting or validating:

(A) the amendment, alteration or repeal of any of the provisions of the Certificate of Incorporation or any certificate amendatory thereto or supplemental thereto (including this Certificate of Designations), whether by merger, consolidation or otherwise, that would adversely affect the powers, designations, preferences and relative, participating or other rights of the Share;

(B) any amendment, alteration or repeal of, or the adoption of any provision inconsistent with, any of the provisions of Article SEVEN of the Certificate of Incorporation, whether by merger, consolidation or otherwise;

(C) any CO Change of Control (as defined below), with respect to which the stockholders of Continental or its successor are entitled to vote, whether pursuant to applicable law or the rules of the national securities exchange or market system on which the common stock of the Corporation or its successor is principally traded;

(D) any dividend or distribution of all or substantially all of the Airline Assets (as defined below), including a dividend or distribution that includes the shares of any Subsidiary holding, directly or indirectly, all or substantially all of the Airline Assets, of the Corporation or its successor and its Subsidiaries, taken as a whole, (other than a dividend or distribution to a Holding Company the creation of which was previously subject to clause (F) below), whether as part of a single dividend or distribution or a related series thereof;

(E) any sale, transfer or other disposition, directly or indirectly, by the Corporation or its successor of all or substantially all of its Airline Assets to one or more of its Affiliates in one or a series of related transactions, provided that no such vote shall be required if (x) each such transferee of assets issues to Northwest or its successor, for a purchase price of $100, a share of preferred stock of such transferee having powers, designations, preferences and relative, participating or other rights, and restrictions and limitations thereof, with respect to such transferee that are identical to the powers, designations, preferences and relative, participating or other rights, and restrictions and limitations thereof, of this Series with respect to the Corporation, provided, that such newly issued share may differ from the Share as may be reasonably necessary and appropriate to reflect that such new entity and not the Corporation is the issuer thereof or any other non-material cha nges that do not adversely affect the rights of the holder thereof, (y) a rights plan with terms and conditions identical in all material respects to those provided under the Rights Agreement (except that any Person that would otherwise be an Acquiring Person (as defined in the Rights Agreement) as a result of or in connection with any transaction may be designated as an "Exempt Person" thereunder to the extent that, and only for so long as, such Acquiring Person is not a Major Carrier or an Affiliate of a Major Carrier, and other terms and conditions may be changed if such changes would be permitted under Article SEVEN of the Certificate of Incorporation) is established at

each such transferee that has outstanding capital stock registered under Section 12(b) or 12(g) under the Securities Exchange Act of 1934, as amended, and provided, that the initial exercise price established therein is established at a level based upon reasonable and customary valuation practices substantially consistent with those used in establishing the exercise price in the predecessor agreement to the Rights Agreement, and (z) the certificate of incorporation of each such entity issuing a share of preferred stock in accordance with clause (x) of this paragraph contains provisions in form and substance identical to Article SEVEN of the Certificate of Incorporation, subject to appropriate modifications, if applicable, as may be necessary to reflect that a rights plan may not yet be required to be put into effect;

(F) any reorganization or restructuring of, or any other transaction involving, the Corporation or its successor and any of its Subsidiaries the effect of which is to create a new Holding Company (as defined below) other than a transaction subject to Section 4(2)(G), provided that no such vote shall be required if (x) such Holding Company is not a Major Carrier or an Affiliate of a Major Carrier, and it and each of its Subsidiaries owning Airline Assets issue to Northwest or its successor, for a purchase price of $100, a share of a series of preferred stock of each such company having powers, designations, preferences and relative, participating or other rights, and restrictions and limitations thereof, with respect to each such company that are identical to the powers, designations, preferences and relative, participating or other rights, and restrictions and limitations thereof, of this Series with respect to the Corporation, provided, that such newly issued share may differ from t he Share as may be reasonably necessary and appropriate to reflect that such new entity and not the Corporation is the issuer thereof or any other non-material changes that do not adversely affect the rights of the holder thereof, (y) a rights plan with identical terms and conditions in all material respects to those provided under the Rights Agreement (except that any Person that would otherwise be an Acquiring Person (as defined in the Rights Agreement) as a result of or in connection with any transaction may be designated as an "Exempt Person" thereunder to the extent that, and only for so long as, such Acquiring Person is not a Major Carrier or an Affiliate of a Major Carrier, and other terms and conditions may be changed if such changes would be permitted under Article SEVEN of the Certificate of Incorporation) is established at such new Holding Company and each such Subsidiary that has outstanding capital stock registered under Section 12(b) or 12(g) under the Securities Exchange Act of 1934, as amende d, and provided, that the initial exercise price established therein is established at a level based upon reasonable and customary valuation practices substantially consistent with those used in establishing the exercise price in the predecessor agreement to the Rights Agreement, and (z) the certificate of incorporation of each such entity issuing a share of preferred stock in accordance with clause (x) of this paragraph contains provisions in form and substance identical to Article SEVEN of the Certificate of Incorporation, subject to appropriate modifications, if applicable, as may be necessary to reflect that a rights plan may not yet be required to be put into effect; or

(G) any transaction involving the establishment of a new Holding Company, whether as a result of a reorganization, restructuring or otherwise, which new Holding Company does not and will not upon consummation of such transaction have any outstanding Capital Stock registered under Section 12(b) or 12(g) under the Securities Exchange Act of 1934, as amended, or any transaction involving the Corporation or its successor that has either a reasonable likelihood or a purpose of producing, either directly or indirectly, any of the effects described in paragraph (a)(3)(ii) of Rule 13e-3 (as in effect on the date of issuance of the Share) promulgated under the Securities Exchange Act of 1934, as amended (a **"Going Private Transaction"**), provided that no such vote shall be required if (1) no later than the consummation of such Going Private Transaction or the consummation of the transaction resulting in such new Holding Company, as applicable, each remaining holder of the common stock of Contin ental or its successor upon consummation of such Going Private Transaction, or each holder of outstanding Capital Stock of such new Holding Company (other than, in the case of a Holding Company that is a limited partnership, limited partners thereof that are not Affiliates of any general partner thereof), as applicable, executes and delivers a transfer restriction agreement to Northwest or its successor in the form of Exhibit 12 to the Omnibus Agreement, and until Continental or such Holding Company, as applicable, has outstanding Capital Stock registered under Section 12(b) or 12(g) under the Securities Exchange Act of 1934, as amended, Continental or such Holding Company, as applicable, agrees to require any Person acquiring Capital Stock from Continental or such Holding Company, as applicable, subject to the preceding parenthetical, likewise to execute and deliver such agreement to Northwest, (2) each of the share certificates representing common stock of Continental or Capital Stock of such Holding Compa ny, as applicable, bears an appropriate legend in accordance with applicable law as to the agreement described in clause (1), and (3) the certificate of incorporation of such new Holding Company contains provisions in form and substance identical to Article SEVEN of the Certificate of Incorporation, subject to appropriate modifications as may be necessary to reflect that a rights plan is not yet required to be put into effect.

(3) The voting rights and powers set forth in Sections 4(2)(B), 4(2)(C), 4(2)(D), 4(2)(E), 4(2)(F) and 4(2)(G) shall automatically terminate if the Share becomes redeemable in accordance with Section 3 hereof.

Section 5. Liquidation Rights.

(1) Upon the dissolution, liquidation or winding up of the Corporation, the holder of the Share shall be entitled to receive and to be paid out of the assets of the Corporation available for distribution to its stockholders, before any

payment or distribution shall be made on the common stock of the Corporation or on any other class of stock ranking junior to the Preferred Stock upon liquidation, the amount of $100, and no more.

(2) Neither the sale of all or substantially all of the assets or capital stock of the Corporation, nor the merger or consolidation of the Corporation into or with any other corporation or the merger or consolidation of any other corporation into or with the Corporation, shall be deemed to be a dissolution, liquidation or winding up, voluntary or involuntary, for the purposes of this Section 5.

(3) After the payment to the holder of the Share of the full preferential amount provided for in this Section 5, the holder of the Share as such shall have no right or claim to any of the remaining assets of the Corporation.

Section 6. Ranking.

For purposes of this resolution, any stock of any class or classes of the Corporation, other than the Class B Common Stock of the Corporation (as the same may be reclassified, changed or amended from time to time), shall be deemed to rank prior to the Share upon liquidation, dissolution or winding up.

Section 7. No Additional Rights.

Except as required by law and except as provided in the Certificate of Incorporation, neither the Series B Preferred Stock nor the holder of the Share, in respect of the Share, shall be entitled to any rights, powers or preferences other than those set forth in this resolution.

Section 8. Definitions.

Capitalized terms not otherwise defined in this Certificate of Designation shall have the following meanings in this Certificate of Designation:

"Affiliate" means, as applied to a Person, any other Person directly or indirectly controlling, controlled by, or under common control with, that Person. For purposes of this definition "**control**" (including, with correlative meanings, the terms "**controlling**", "**controlled by**" and "**under common control with**"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of that Person, whether through the ownership of voting securities, by contract or otherwise.

"Airline Assets" means those assets used, as of the date of determination, in the relevant Person's operation as an air carrier.

"Beneficial Ownership" has the meaning given such term in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as amended.

"Capital Stock" of any Person means any and all shares, interests, rights to purchase, options, warrants, participation or other equivalents of or interests in (however designated) the equity of such Person, including any preferred stock.

"CO Change of Control" means:

(i) a merger, reorganization, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization or similar transaction as a result of which (A) a Major Carrier or a Holding Company of a Major Carrier and a Continental Affected Company are legally combined, (B) a Major Carrier, any of its Affiliates, or any combination thereof acquires, directly or indirectly, Beneficial Ownership of 25% or more of the Capital Stock or Voting Power of a Continental Affected Company, or (C) a Continental Affected Company acquires, directly or indirectly, Beneficial Ownership of 25% or more of the Capital Stock or Voting Power of a Major Carrier;

(ii) the liquidation or dissolution of the Corporation or its successor in connection with which the Corporation or such successor ceases operations as an air carrier;

(iii) the sale, transfer or other disposition of all or substantially all of the Airline Assets of Continental (or its successor) and its Subsidiaries on a consolidated basis directly or indirectly to a Major Carrier, any Affiliate of a Major Carrier or any combination thereof, whether in a single transaction or a series of related transactions;

(iv) the sale, transfer or other disposition of all or substantially all of the trans-Atlantic route network or the Latin American route network of the Corporation or its successor other than to an Affiliate of the Corporation;

(v) the direct or indirect acquisition by a Major Carrier, any of its Affiliates or any combination thereof of Beneficial Ownership of 25% or more of the Capital Stock or Voting Power of a Continental Affected Company;

(vi) the direct or indirect acquisition, whether in a single transaction or a series of related transactions, by a Continental Affected Company of Airline Assets and associated employees, which Airline Assets on a stand alone basis would have pro forma annual passenger revenues for the most recently completed four fiscal quarters for which financial statements can be reasonably prepared in excess of the Revenue Threshold; or

(vii) the execution by a Continental Affected Company of bona fide definitive agreements, the consummation of the transactions contemplated by which would result in a transaction described in the immediately preceding clauses (i), (ii), (iii), (iv), (v) or (vi).

Notwithstanding the foregoing, (A) in no event shall a commercial cooperation agreement (such as the Northwest-KLM trans-Atlantic joint venture), which involves a Major Carrier or any of its Affiliates and a Continental Affected Party, which consists of code sharing, a joint venture or similar arrangement and which does not involve a sale, transfer, or acquisition of Airline Assets, be deemed to be a CO Change of Control, and (B) any such commercial cooperation agreement, which involves a Major Carrier or any of its Affiliates and a Continental Affected Party, which consists of code sharing, a joint venture or similar arrangement but which does involve a sale, transfer, or acquisition of Airline Assets, shall be deemed to be a CO Change of Control only if such transaction is otherwise within the scope of one or more of the preceding clauses (i) through (vii).

"Continental Affected Company" means (a) the Corporation and its successor, (b) any Holding Company of the Corporation, or (c) any Subsidiary of the Corporation or its successor or of any Holding Company of the Corporation, that in any such case owns, directly or indirectly, all or substantially all of the Airline Assets of the Corporation or its successor, such Holding Companies of the Corporation and such Subsidiaries, taken as a whole.

"Encumbrance" means the direct or indirect grant by any Northwest Party or its successor to any other Person of the sole or shared power or right to vote or consent, or direct the voting or consenting of, the Share in any respect, whether by proxy, voting agreement, arrangement, or understanding (written or otherwise) voting trust, or otherwise (other than a revocable proxy granted to any director, officer or employee of a Northwest Party or the Corporation, or any counsel for any Northwest Party, or any corporate trust officer of Wilmington Trust Company or a national trust company solely for the limited purpose of voting the Share, the instructions for which are given solely by the relevant Northwest Party), or by joining a partnership, limited partnership, syndicate or other voting group or otherwise acting in concert with another Person (other than a revocable proxy referred to above) for the purpose or with the effect of voting or directing the vote of the Share.

"Holding Company" means, as applied to a Person, any other Person of whom such Person is, directly or indirectly, a Subsidiary.

"Institutional Investor" shall mean an institutional or other passive investor who, with respect to the securities relating to Voting Power that are the subject of the definition of Subsidiary herein, would be entitled to file a Statement on Schedule 13G (and not required to file a Statement on Schedule 13D) with respect to such securities under the rules promulgated under the Securities Exchange Act of 1934, as amended, in effect on November 15, 2000, but only so long as such investor would not be required to file a Statement on Schedule 13D with respect to such securities.

"Major Carrier" means an air carrier (other than the Corporation and its successors and any Subsidiary thereof or Northwest Airlines Corporation and its successors and any Subsidiary thereof), the annual passenger revenues of which (including its Subsidiaries' predecessor entities) for the most recently completed fiscal year for which audited financial statements are available are in excess of the Revenue Threshold as of the date of determination (or the U.S. dollar equivalent thereof).

"Northwest Affected Company" means (a) Northwest Airlines Corporation, Northwest and their respective successors, (b) any Holding Company of Northwest Airlines Corporation or Northwest, or (c) any Subsidiary of Northwest Airlines Corporation, Northwest or their respective successors or of any Holding Company or their respective successors, that in any such case owns, directly or indirectly, all or substantially all of the Airline Assets of Northwest Airlines Corporation, Northwest or their respective successors, such Holding Companies of Northwest Airlines Corporation, Northwest and such Subsidiaries, taken as a whole.

"NW Change of Control" means:

(i) a merger, reorganization, share exchange, consolidation, tender or exchange offer, private purchase, business combination, recapitalization or similar transaction as a result of which (A) a Major Carrier or a Holding Company of a Major Carrier and a Northwest Affected Company are legally combined, (B) a Major Carrier, any of its Affiliates or any combination thereof acquires, directly or indirectly, Beneficial Ownership of 25% or more of the Capital Stock or Voting Power of a Northwest Affected Company, or

(C) a Northwest Affected Company acquires, directly or indirectly, Beneficial Ownership of 25% or more of the Capital Stock or Voting Power of a Major Carrier;

(ii) the liquidation or dissolution of Northwest or its successor in connection with which Northwest or such successor ceases operations as an air carrier;

(iii) the sale, transfer or other disposition of all or substantially all of the Airline Assets of Northwest Airlines Corporation (or its successor) and its Subsidiaries on a consolidated basis directly or indirectly to a Major Carrier, any Affiliate of a Major Carrier or any combination thereof, whether in a single transaction or a series of related transactions;

(iv) the sale, transfer or other disposition of all or substantially all of the transpacific route network of Northwest or its successor other than to an Affiliate of Northwest;

(v) the direct or indirect acquisition by a Major Carrier, any of its Affiliates or any combination thereof of Beneficial Ownership of 25% or more of the Capital Stock or Voting Power of a Northwest Affected Company;

(vi) the direct or indirect acquisition, whether in a single transaction or a series of related transactions, by a Northwest Affected Company of Airline Assets and associated employees, which Airline Assets on a stand alone basis would have pro forma annual passenger revenues for the most recently completed four fiscal quarters for which financial statements can be reasonably prepared in excess of the Revenue Threshold; or

(vii) the execution by a Northwest Affected Company of bona fide definitive agreements, the consummation of the transactions contemplated by which would result in a transaction described in the immediately preceding clauses (i), (ii), (iii) (iv), (v) or (vi).

Notwithstanding the foregoing, (A) in no event shall a commercial cooperation agreement (such as the Northwest-KLM trans-Atlantic joint venture), which involves a Major Carrier or any of its Affiliates and a Northwest Affected Party, which consists of code sharing, a joint venture or similar arrangement and which does not involve a sale, transfer, or acquisition of Airline Assets, be deemed to be a NW Change of Control, and (B) any such commercial cooperation agreement, which involves a Major Carrier or any of its Affiliates and a Northwest Affected Party, which consists of code sharing, a joint venture or similar arrangement but which does involve a sale, transfer, or acquisition of Airline Assets, shall be deemed to be a NW Change of Control only if such transaction is otherwise within the scope of one or more of the preceding clauses (i) through (vii).

"Revenue Threshold" means one billion dollars ($1,000,000,000), as such amount may be increased based on the amount by which, for any date of determination, the most recently published Consumer Price Index for all-urban consumers published by the Department of Labor (the "CPI") has increased to such date above the CPI for calendar year 2000. For purposes hereof, the CPI for calendar year 2000 is the monthly average of the CPI for the 12 months ending on December 31, 2000.

"Person" means an individual, partnership, corporation, business trust, joint stock company, limited liability company, unincorporated association, joint venture or other entity of whatever nature.

"Subsidiary" (i) of any Person (other than an Institutional Investor) means any corporation, association, partnership, joint venture, limited liability company or other business entity of which more than 40% of the total Voting Power thereof or the Capital Stock thereof is at the time owned or controlled, directly or indirectly, by (1) such Person, (2) such Person and one or more Subsidiaries of such Person, or (3) one or more Subsidiaries of such Person and (ii) of any Institutional Investor means any corporation, association, partnership, joint venture, limited liability company or other business entity of which more than 50% of the total Voting Power thereof is at the time owned or controlled, directly, by such Institutional Investor.

"Voting Power" means, as of the date of determination, the voting power in the general election of directors, managers or trustees, as applicable.

EXHIBIT 3.2

BYLAWS

OF

CONTINENTAL AIRLINES, INC.

Including all amendments through February 26, 2003

TABLE OF CONTENTS

BYLAWS

OF

CONTINENTAL AIRLINES, INC.

Incorporated under the Laws of the State of Delaware

ARTICLE IStockholders

Section 1.1 Annual Meeting. The annual meeting of stockholders of the Corporation for the election of Directors and for the transaction of any other proper business shall be held at such time and date in each year as the Board of Directors may determine

from time to time. The annual meeting in each year shall be held at such place within or without the State of Delaware as may be fixed by the Board of Directors, or if not so fixed, at the principal business office of the Corporation.

Section 1.2 Special Meetings. Subject to the rights of the holders of any class or series of preferred stock of the Corporation, or any other series or class of stock as set forth in the Amended and Restated Certificate of Incorporation of the Corporation (as it may be amended from time to time in accordance with its terms and applicable law, the "Restated Certificate of Incorporation"), to elect additional Directors under specified circumstances, special meetings of the stockholders may be called only by (i) stockholders holding Common Stock constituting more than 50% of the voting power of the outstanding shares of Common Stock, (ii) the Chief Executive Officer or (iii) the Board of Directors.

Section 1.3 Place of Meeting. The Board of Directors may designate the place of meeting for any meeting of the stockholders. If no designation is made by the Board of Directors, the place of meeting shall be the principal executive offices of the Corporation.

Section 1.4 Notice of Meetings. Whenever stockholders are required or permitted to take any action at a meeting, unless notice is waived in writing or by electronic transmission by all stockholders entitled to vote at the meeting, a notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and, in the case of a special meeting, the purpose for which the meeting is called.

Unless otherwise provided by law, and except as to any stockholder duly waiving notice, the notice of any meeting shall be given personally or by mail or by electronic transmission in the manner provided by law, not less than ten nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed given when deposited in the mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation.

When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place, if any, thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If, however, the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 1.5 Quorum. Except as otherwise provided by law, by the Restated Certificate of Incorporation, or by these Bylaws in respect of the vote required for a specified action, at any meeting of stockholders the holders of a majority of the aggregate voting power of the outstanding stock entitled to vote thereat, either present or represented by proxy, shall constitute a quorum for the transaction of any business, but the stockholders present, although less than a quorum, may adjourn the meeting to another time or place and, except as provided in the last paragraph of Section 1.4, notice need not be given of the adjourned meeting.

Section 1.6 Voting. Except as otherwise provided by the Restated Certificate of Incorporation or these Bylaws, whenever Directors are to be elected at a meeting, they shall be elected by a plurality of the votes cast at the meeting by the holders of stock entitled to vote. Whenever any corporate action, other than the election of Directors, is to be taken by vote of stockholders at a meeting, it shall be authorized by a majority of the votes cast at the meeting by the holders of stock entitled to vote thereon, except as otherwise required by law, by the Restated Certificate of Incorporation or by these Bylaws.

Except as otherwise provided by law, or by the Restated Certificate of Incorporation or these Bylaws, each holder of record of stock of the Corporation entitled to vote on any matter at any meeting of stockholders shall be entitled to one vote for each share of such stock standing in the name of such holder on the stock ledger of the Corporation on the record date for the determination of the stockholders entitled to vote at the meeting.

Upon the demand of any stockholder entitled to vote, the vote for Directors or the vote on any other matter at a meeting shall be by written ballot, but otherwise the method of voting and the manner in which votes are counted shall be discretionary with the presiding officer at the meeting.

Section 1.7 Presiding Officer and Secretary. At every meeting of stockholders the Chairman of the Board or the Chief Executive Officer, as designated by the Board of Directors, or, if neither is present, or in the absence of any such designation, the appointee of the meeting, shall preside. The Secretary, or in his or her absence an Assistant Secretary, or if none be present, the appointee of the presiding officer of the meeting, shall act as secretary of the meeting.

Section 1.8 Proxies. Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for him or her by proxy executed in writing by the stockholder or as otherwise permitted by law, or by his or her duly authorized attorney-in-fact. Such proxy must be filed with the Secretary of the Corporation or his or her representative at or before the time of the meeting.

Section 1.9 List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder in the manner provided by law. The list shall also be open to the examination of any stockholder during the whole time of the meeting as provided by law.

The stock ledger shall be the only evidence as to which stockholders are the stockholders entitled to examine the stock ledger or the list required by this Section 1.9, or to vote in person or by proxy at any meeting of stockholders.

Section 1.10 Notice of Stockholder Business and Nominations.

A. Annual Meetings of Stockholders.

(1) Subject to Section 2.2 of these Bylaws, nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting delivered pursuant to Section 1.4 of these Bylaws, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who is entitled to vote at the meeting, who complied with the notice procedures set forth in clauses (2) and (3) of paragraph (A) of this Section 1.10 and who was a stockholder of record at the time such notice is delivered to the Secretary of the Corporation.

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (c) of paragraph (A) (1) of this Section 1.10, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not less than seventy days nor more than ninety days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than twenty days, or delayed by more than seventy days, from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the ninetieth day prior to such annual meeting and not later than the close of business on the later of the seventieth day prior to such annual meeting or the tenth day following the day on which public announceme nt of the date of such meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a Director all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected; (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial own er, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (A) (2) of this Section 1.10 to the contrary, in the event that the number of Directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for Director or specifying the size of the increased Board of Directors made by the Corporation at least eighty days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 1.10 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(B) Special Meeting of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting pursuant to Section 1.4 of these Bylaws. Subject to Section 2.2 of these Bylaws, nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which Directors are to be elected pursuant to the Corporation's notice of meeting (i) by or at the direction of the Board of Directors or (ii) by any stockholder of the Corporation who is entitled to vote at the meeting, who complies with the notice procedures set forth in this Section 1.10 and who is a stockholder of record at the time such notice is delivered to the Secretary of the Corporation. Nominations by stockholders of persons for election to the Board of Directors may be made at such a special meeting of stockholders if the stockhold er's notice as required by paragraph (A) (2) of this Section 1.10 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the ninetieth day prior to such special meeting and not later than the close of business on the later of the seventieth day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.

(C) General. (1) Only persons who are nominated in accordance with the procedures set forth in this Section 1.10 shall be eligible to serve as Directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 1.10. Except as otherwise provided by law, the Restated Certificate of Incorporation or these Bylaws, the chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 1.10 and, if any proposed nomination or business is not in compliance with this Section 1.10, to declare that such defective proposal or nomination shall be disregarded.

(2) For purposes of this Section 1.10, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 1.10, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 1.10. Nothing in this Section 1.10 shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act. Section 1.11 Inspectors of Elections; Opening and Closing the Polls. The Board of Directors by resolution shall appoint one or more inspectors, which inspector or inspectors may include individuals who serve the Corporation in other capacities, including, without limitation, as officers, employees, agents or

representatives of the Corporation, to act at the meeting and make a written report thereof. One or more persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate has been appointed to act, or if all inspectors or alternates who have been appointed are unable to act, at the meeting of stockholders, the chairman of the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before discharging his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspectors shall have the duties prescribed by the General Corporation Law of the State of Delaware (the "GCL").

The chairman of the meeting shall fix and announce at the meeting the time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting.

1. ARTICLE IIDirectors

Section 2.1 Powers and Duties of Directors; Number. The business of the Corporation shall be managed by or under the direction of the Board of Directors, which may exercise all such powers of the Corporation and do all such lawful acts and things as are not directed or required to be exercised or done by the stockholders by the Restated Certificate of Incorporation, by these Bylaws, or by law. Except as otherwise permitted by or consistent with Foreign Ownership Restrictions (as defined below), at no time shall more than one-third of the Directors in office be Aliens (as defined in the Restated Certificate of Incorporation). The Board shall adopt the Annual Capital Expenditure Budget and the Annual Financial Plan, both as defined in Section 3.3, for each fiscal year not later than the last day of the preceding fiscal year or at such later time as shall be determined by resolution of the Board. "Foreign Ownership Restrictions" means applicable st atutory, regulatory and interpretive restrictions regarding foreign ownership or control of U.S. air carriers as amended or modified from time to time.

The number of Directors which shall constitute the whole Board of Directors shall be determined from time to time by resolution of the Board of Directors (provided that no decrease in the number of Directors which would have the effect of shortening the term of an incumbent Director may be made by the Board of Directors). If the Board of Directors makes no such determination, the number of Directors shall be thirteen.

Section 2.2 Election; Term; Vacancies. Each Director shall hold office until the next annual election and until his or her successor is elected and qualified, or until his earlier death, resignation or removal. The Directors shall be elected annually by the stockholders in the manner specified by the Restated Certificate of Incorporation and these Bylaws, except that if there be a vacancy in the Board of Directors by reason of death, resignation or otherwise, such vacancy may also be filled for the unexpired term by a majority affirmative vote of the Board of Directors.

Section 2.3 Resignation. Any Director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

Section 2.4 Removal. Any Director may be removed at any time, with or without cause, by vote at a meeting or written consent of the holders of stock entitled to vote on the election of such Director pursuant to the Restated Certificate of Incorporation.

Section 2.5 Meetings.

(A) Annual Meeting. Immediately after each annual meeting of stockholders, the duly elected Directors shall hold an inaugural meeting for the purpose of organization, election of officers, and the transaction of other business, at such place as shall be fixed by the person presiding at the meeting of stockholders at which such Directors are elected.

(B) Regular Meetings. Regular meetings of the Board of Directors shall be held on such dates and at such times and places as shall be designated from time to time by the Board of Directors; provided, that regular meetings of the Board of Directors can be waived at the request of the Chief Executive Officer if at least a majority of the Directors agree in writing or by electronic transmission to such waiver at least seven days before the date of the meeting to be so waived. The Secretary shall forward to each Director, at least five days before any such regular meeting, a notice of the time and place of the meeting, together with the agenda for the meeting or in lieu thereof a notice of waiver if the regular meeting has been waived.

(C) Special Meetings. Special meetings of the Directors may be called by the Chairman of the Board, the Chairman of the Executive Committee, the Chief Executive Officer or a majority of the Directors, at such time and place as shall be specified in the notice or waiver thereof. Notice of each special meeting, including the time and place of the meeting and the agenda therefor, shall be given by the Secretary or by the person calling the meeting to each Director by causing the same to be delivered personally or by facsimile transmission not later than the close of business on the second day next preceding the day of the meeting.

(D) Location; Methods of Participation. Meetings of the Board of Directors, regular or special, may be held at any place within or without the State of Delaware at such place as is indicated in the notice or waiver of notice thereof. Members of the Board of Directors, or of any committee designated by the Board, may participate in a meeting of the Board of Directors or such committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting by such means shall constitute presence in person at such meeting.

Section 2.6 Quorum and Voting. A majority of the total number of Directors (excluding those who must recuse themselves by law) ("Recused Directors") shall constitute a quorum for the transaction of business, but, if there be less than a quorum at any meeting of the Board of Directors, a majority of the Directors present may adjourn the meeting from time to time, and no further notice thereof

need be given other than announcement at the meeting which shall be so adjourned. Except as otherwise provided by law, by the Restated Certificate of Incorporation, or by these Bylaws, the affirmative vote of a majority of the Directors present at a meeting (excluding Recused Directors) at which a quorum is present shall be the act of the Board of Directors.

Section 2.7 Written Consent of Directors in Lieu of a Meeting. Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board or of such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 2.8 Compensation. Directors may receive compensation for services to the Corporation in their capacities as Directors or otherwise in such manner and in such amounts as may be fixed from time to time by the Board of Directors.

1. ARTICLE IIICommittees of the Board of Directors

Section 3.1 Creation. The Board of Directors, by resolution or resolutions passed by a majority of the whole Board of Directors, may designate one or more committees, each to consist of such number of Directors of the Corporation as shall be specified in such resolution. Each committee of the Board shall have and may exercise such powers and duties as may be provided in such resolution, except that no such committee shall have the power to elect Directors or the power or authority reserved for the whole Board of Directors pursuant to Section 141(c)(2) of the GCL, except as otherwise set forth in such Section 141(c)(2).

Section 3.2 Committee Procedure. Each committee of the Board of Directors shall meet at the times stated by the Board in the resolution or resolutions establishing such committee or on notice to all members given by any member of such committee. The Board by resolution or resolutions shall establish the rules of procedure to be followed by each committee, which shall include a requirement that such committee keep regular minutes of its proceedings and deliver to the Secretary the same.

Section 3.3 Certain Definitions.

(A) Annual Capital Expenditure Budget. When used in these Bylaws, the term "Annual Capital Expenditure Budget" shall mean an annual capital expenditure budget, which shall be approved by the Board of Directors not later than the last day of the preceding fiscal year (or at such later time determined by the Board pursuant to Section 2.1).

(B) Annual Financial Plan. When used in these Bylaws, the term "Annual Financial Plan" shall mean an annual financial plan, which shall be approved by the Board of Directors not later than the last day of the preceding fiscal year (or at such later time determined by the Board pursuant to Section 2.1).

ARTICLE IVOfficers, Agents and Employees

Section 4.1 Appointment and Term of Office. The officers of the Corporation shall include a Chairman of the Board, a Chief Executive Officer, a President, and a Secretary, and may also include a Chief Operating Officer, a Chief Financial Officer, a Treasurer, one or more Vice Presidents (who may be further classified by such descriptions as "executive", "senior", "assistant", "staff" or otherwise, as the Board of Directors shall determine), one or more Assistant Secretaries and one or more Assistant Treasurers. All such officers shall be appointed by the Board of Directors. Any number of such offices may be held by the same person, but no officer shall execute, acknowledge or verify any instrument in more than one capacity. Except as may be prescribed otherwise by the Board of Directors in a particular case, all such officers shall hold their offices at the pleasure of the Board for an unlimited term and need not be reappointed annually or at any othe r periodic interval. The Board of Directors may appoint, and may delegate power to appoint, such other officers, agents and employees as it may deem necessary or proper, who shall hold their offices or positions for such terms, have such authority and perform such duties as may from time to time be determined by or pursuant to authorization of the Board of Directors.

Section 4.2 Resignation and Removal. Any officer may resign at any time upon written notice to the Corporation. Any officer, agent or employee of the Corporation may be removed by the Board of Directors with or without cause at any time. The Board of Directors may delegate such power of removal as to officers, agents and employees not appointed by the Board of Directors. Such removal shall be without prejudice to a person's contract rights, if any, but the appointment of any person as an officer, agent or employee of the Corporation shall not of itself create contract rights.

Section 4.3 Compensation and Bond. The compensation of the officers of the Corporation shall be fixed by the Board of Directors, but this power may be delegated to any officer by the Board of Directors. The Corporation may secure the fidelity of any or all of its officers, agents or employees by bond or otherwise.

Section 4.4 Chairman of the Board. The Chairman of the Board shall be selected from the members of the Board of Directors and shall preside at all meetings of the Board of Directors. In addition, the Chairman of the Board shall have such other powers and duties as may be delegated to him or her by the Board of Directors. The Chairman of the Board shall not be deemed to be an officer of the Corporation for purposes of Article IV of these Bylaws unless he or she shall also be the Chief Executive Officer.

Section 4.5 Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of the Corporation and, in the absence of the Chairman of the Board (or if there be none), he or she shall preside at all meetings of the Board of Directors. The Chief Executive Officer shall have general charge of the business affairs of the Corporation. He or she may employ and discharge employees and agents of the Corporation, except such as shall be appointed by the Board of Directors, and he or she may delegate

these powers. The Chief Executive Officer may vote the stock or other securities of any other domestic or foreign corporation of any type or kind which may at any time be owned by the Corporation, may execute any stockholders' or other consents in respect thereof and may in his or her discretion delegate such powers by executing proxies, or otherwise, on behalf of the Corporation. The Board of Directors by resolution from time to time may con fer like powers upon any other person.

Section 4.6 President. The President shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.7 Chief Operating Officer. The Chief Operating Officer shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.8 Chief Financial Officer. The Chief Financial Officer shall have general charge of the financial affairs of the Corporation, and shall have such other powers and duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.9 Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board of Directors or the Chief Executive Officer may from time to time prescribe.

Section 4.10 Treasurer. The Treasurer shall have charge of all funds and securities of the Corporation, may endorse the same for deposit or collection when necessary and deposit the same to the credit of the Corporation in such banks or depositaries as the Board of Directors may authorize. He or she may endorse all commercial documents requiring endorsements for or on behalf of the Corporation and may sign all receipts and vouchers for payments made to the Corporation. He or she shall have all such further powers and duties as generally are incident to the position of Treasurer or as may be assigned to him or her by the Board of Directors or the Chief Executive Officer.

Section 4.11 Secretary. The Secretary shall distribute all materials to be distributed in connection with regular and special meetings of the Board of Directors, record all the proceedings of the meetings of the stockholders and Directors in a book to be kept for that purpose and shall also record therein all action taken by written consent of the Directors, and committees of the Board of Directors in lieu of a meeting. He or she shall attend to the giving and serving of all notices of the Corporation. He or she shall have custody of the seal of the Corporation and shall attest the same by his or her signature whenever required. He or she shall have charge of the stock ledger and such other books and papers as the Board of Directors may direct, but he or she may delegate responsibility for maintaining the stock ledger to any transfer agent appointed by the Board of Directors. He or she shall have all such further powers and duties as generally are incide nt to the position of Secretary or as may be assigned to him or her by the Board of Directors or the Chief Executive Officer.

Section 4.12 Assistant Treasurers. In the absence or inability to act of the Treasurer, any Assistant Treasurer may perform all the duties and exercise all the powers of the Treasurer. The performance of any such duty shall, in respect of any other person dealing with the Corporation, be conclusive evidence of his or her power to act. An Assistant Treasurer shall also perform such other duties as the Treasurer or the Board of Directors may assign to him or her.

Section 4.13 Assistant Secretaries. In the absence or inability to act of the Secretary, any Assistant Secretary may perform all the duties and exercise all the powers of the Secretary. The performance of any such duty shall, in respect of any other person dealing with the Corporation, be conclusive evidence of his or her power to act. An Assistant Secretary shall also perform such other duties as the Secretary or the Board of Directors may assign to him or her.

Section 4.14 Delegation of Duties. In case of the absence of any officer of the Corporation, or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may confer for the time being the powers or duties, or any of them, of such officer upon any other officer or upon any Director.

Section 4.15 Prohibition on Loans to Directors and Executive Officers. The Corporation shall not directly or indirectly extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any member of the Board of Directors or executive officer of the Corporation, as such terms are used in Section 13(k) of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

ARTICLE VLimitation of Liability and Indemnification

Section 5.1 Limitation of Liability of Directors. No Director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director, except for liability (i) for any breach of the Director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the GCL, or (iv) for any transaction from which the Director derived any improper personal benefit. If the GCL is amended to authorize corporate action further eliminating or limiting the personal liability of Directors, then the liability of Directors of the Corporation shall be eliminated or limited to the full extent permitted by the GCL, as so amended.

Section 5.2 Mandatory Indemnification of Directors and Officers. The Corporation shall indemnify to the full extent permitted by the laws of the State of Delaware as from time to time in effect any person who was or is a party or is threatened to be made a party to, or otherwise requires representation by counsel in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not an action by or in the right of the Corporation), by reason of the fact that he or she is or was a Director or officer of the Corporation, or, while serving as a Director or officer of the

Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, or by reason of any action alleged to have been taken or omitted in such capacity. The right to indemnification conferred by this Section 5.2 also shall include the right of such persons described in this Section 5.2 to be paid in advance by the Corporation for their expenses (including attorneys' fees) to the full extent permitted by applicable law as from time to time in effect. The right to indemnification conferred on such persons by this Section 5.2 shall be a contract right.

Section 5.3 Permissive Indemnification of Non-Officer Employees and Agents. The Corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (whether or not an action by or in the right of the Corporation) by reason of the fact that the person is or was an employee (other than an officer) or agent of the Corporation, or, while serving as an employee (other than an officer) or agent of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, to the extent (i) permitted by the laws of the State of Delaware as from time to time in effect, and (ii) authorized in the sole discretion of the Chief Executive Officer and at least one other of the following officers: the President, the Chief F inancial Officer, or the General Counsel of the Corporation (the Chief Executive Officer and any of such other officers so authorizing such indemnification, the "Authorizing Officers"). The Corporation may, to the extent permitted by Delaware law and authorized in the sole discretion of the Authorizing Officers, pay expenses (including attorneys' fees) reasonably incurred by any such employee or agent in defending any civil, criminal, administrative or investigative action, suit or proceeding in advance of the final disposition of such action, suit or proceeding, upon such terms and conditions as the Authorizing Officers authorizing such expense advancement determine in their sole discretion. The provisions of this Section 5.3 shall not constitute a contract right for any such employee or agent.

Section 5.4 General Provisions. The rights and authority conferred in any of the Sections of this Article V shall not be exclusive of any other right which any person seeking indemnification or advancement of expenses may have or hereafter acquire under any statute, provision of the Restated Certificate of Incorporation or these Bylaws, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office and shall continue as to a person who has ceased to be a Director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person. Neither the amendment or repeal of this Article V or any of the Sections thereof nor the adoption of any provision of the Restated Certificate of Incorporation or these Bylaws or of any statute inconsistent with this Article V or any of the Sections the reof shall eliminate or reduce the effect of this Article V or any of the Sections thereof in respect of any acts or omissions occurring prior to such amendment, repeal or adoption or an inconsistent provision.

ARTICLE VICommon Stock

Section 6.1 Certificates. Certificates for stock of the Corporation shall be in such form as shall be approved by the Board of Directors and shall be signed in the name of the Corporation by the Chairman of the Board or the Chief Executive Officer or the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. Such certificates may be sealed with the seal of the Corporation or a facsimile thereof. Any of or all the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

Section 6.2 Transfers of Stock. Upon surrender to any transfer agent of the Corporation of a certificate for shares of the Corporation duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, provided such succession, assignment or transfer is not prohibited by the Restated Certificate of Incorporation, these Bylaws, applicable law or contractual prohibitions, to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 6.3 Lost, Stolen or Destroyed Certificates. The Corporation may issue a new stock certificate in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate or his or her legal representative to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of any such new certificate. The Board of Directors may require such owner to satisfy other reasonable requirements.

Section 6.4 Stockholder Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than 60 nor less than ten days before the date of such meeting, nor more than 60 days prior to any other action. Only such stockholders as shall be stockholders of record on the date so fixed shall be entitled to notice of, and to vote at, such meeting and any adjournment thereof, or to give such consent, or to receive payment of such dividend or other distribution, or to exercise such rights in respect of any such change, conversion or exchange of stock, or to participate in such action, as the case may be, notwithstanding any transfer of any stock on the books of the Corporation after any record date so fixed.

If no record date is fixed by the Board of Directors, (a) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the date on which notice is given, or, if notice is waived by all stockholders entitled to vote at the meeting, at the close of business on the day next preceding the day on which the meeting is held and (b) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VIIOwnership by Aliens

Section 7.1 Foreign Stock Record. There shall be maintained a separate stock record, designated the "Foreign Stock Record," for the registration of Voting Stock, as defined in Section 7.2, that is Beneficially Owned (as defined in the Restated Certificate of Incorporation) by Aliens, as defined in the Restated Certificate of Incorporation ("Alien Stock"). The Beneficial Ownership by Aliens of Voting Stock shall be determined in conformity with regulations prescribed by the Board of Directors.

Section 7.2 Maximum Percentage. At no time shall ownership of shares representing more than the Maximum Percentage, as defined below, be registered in the Foreign Stock Record. As used herein, (a) "Maximum Percentage" means the maximum percentage of voting power of Voting Stock, as defined below, which may be voted by, or at the direction of, Aliens without violating Foreign Ownership Restrictions or adversely affecting the Corporation's operating certificates or authorities, and (b) "Voting Stock" means all outstanding shares of capital stock of the Corporation issued from time to time by the Corporation and Beneficially Owned by Aliens which, but for the provisions of Section 1 of Article Sixth of the Restated Certificate of Incorporation, by their terms may vote (at the time such determination is made) for the election of Directors of the Corporation, except shares of Preferred Stock that are entitled to vote for the el ection of Directors solely as a result of the failure to pay dividends by the Corporation or other breach of the terms of such Preferred Stock.

Section 7.3 Recording of Shares. If at any time there exist shares of Voting Stock that are Alien Stock but that are not registered in the Foreign Stock Record, the Beneficial Owner thereof may request, in writing, the Corporation to register ownership of such shares on the Foreign Stock Record and the Corporation shall comply with such request, subject to the limitation set forth in Section 7.2. The order in which Alien Stock shall be registered on the Foreign Stock Record shall be chronological, based on the date the Corporation received a written request to so register such shares of Alien Stock. If at any time the Corporation shall find that the combined voting power of Voting Stock then registered in the Foreign Stock Record exceeds the Maximum Percentage, there shall be removed from the Foreign Stock Record the registration of such number of shares so registered as is sufficient to reduce the combined voting power of the shares so registered t o an amount not in excess of the Maximum Percentage. The order in which such shares shall be removed shall be reverse chronological order based upon the date the Corporation received a written request to so register such shares of Alien Stock.

ARTICLE VIIIGeneral Provisions

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall begin the first day of January and end on the last day of December of each year.

Section 8.2 Dividends. Dividends upon the capital stock may be declared by the Board of Directors at any regular or special meeting and may be paid in cash or in property or in shares of the capital stock. Before paying any dividend or making any distribution of profits, the Directors may set apart out of any funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may alter or abolish any such reserve or reserves.

Section 8.3 Checks, Notes, Drafts, Etc. Checks, notes, drafts, acceptances, bills of exchange and other orders or obligations for the payment of money shall be signed by such officer or officers or person or persons as the Board of Directors or a duly authorized committee thereof, the Chief Executive Officer or the Treasurer may from time to time designate.

Section 8.4 Corporate Seal. The seal of the Corporation shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board of Directors, the name of the Corporation and the words "Corporate Seal" and "Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

Section 8.5 Waiver of Notice. Whenever notice is required to be given by statute, or under any provision of the Restated Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. In the case of a stockholder, such waiver of notice may be signed by such stockholder's attorney or proxy duly appointed in writing or as otherwise permitted by law. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, Dire ctors or members of a committee of Directors need be specified in any written waiver of notice or any waiver by electronic transmission.

ARTICLE IXRestated Certificate of Incorporation to Govern

Section 9.1 Restated Certificate of Incorporation to Govern. Notwithstanding anything to the contrary herein, if any provision contained herein is inconsistent with or conflicts with a provision of the Restated Certificate of Incorporation, such provision herein

shall be superseded by the inconsistent provision in the Restated Certificate of Incorporation, to the extent necessary to give effect to such provision in the Restated Certificate of Incorporation.

FIRST AMENDMENT TO

AMENDED AND RESTATED

CAPACITY PURCHASE AGREEMENT

among

Continental Airlines, Inc.,

ExpressJet Holdings, Inc.,

XJT Holdings, Inc.,

and

ExpressJet Airlines, Inc.

Dated as of March 27, 2003

TABLE OF CONTENTS

FIRST AMENDMENT TO

AMENDED AND RESTATED

CAPACITY PURCHASE AGREEMENT

This **FIRST AMENDMENT TO AMENDED AND RESTATED CAPACITY PURCHASE AGREEMENT** (this "Agreement"), dated as of March 27, 2003, is among Continental Airlines, Inc., a Delaware corporation ("Continental"), ExpressJet Holdings, Inc., a Delaware corporation ("Holdings"), XJT Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of Holdings ("XJT"), and ExpressJet Airlines, Inc., a Delaware corporation and a subsidiary of XJT ("ExpressJet").

RECITALS:

WHEREAS, Continental, Holdings, XJT, and ExpressJet are parties to that certain Amended and Restated Capacity Purchase Agreement, dated as of April 17, 2002 (the "Amended and Restated Capacity Purchase Agreement"); and

WHEREAS, Continental, Holdings, XJT, and ExpressJet desire to amend certain provisions of the Amended and Restated Capacity Purchase Agreement as more fully set forth herein; and

WHEREAS, Section 11.04 of the Amended and Restated Capacity Purchase Agreement permits such agreement to be amended in a written agreement signed by Continental, Holdings, XJT, and ExpressJet;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants and obligations hereinafter contained, the parties agree to amend the Amended and Restated Capacity Purchase Agreement as follows:

I.

DEFINITIONS; INTERPRETATION

1. Definitions

. Capitalized terms used in this Agreement that are not otherwise defined shall have the meanings set forth in the Amended and Restated Capacity Purchase Agreement, as amended hereby.

2. Interpretation

. Section 11.06 of the Amended and Restated Capacity Purchase Agreement is hereby incorporated by reference herein in its entirety and shall govern the interpretation of this Agreement.

II.

AMENDMENTS TO AMENDED AND RESTATED CAPACITY PURCHASE AGREEMENT

The Amended and Restated Capacity Purchase Agreement is hereby amended as follows:

1. **Amendment to Section 2.02(a)**

. Section 2.02(a) of the Amended and Restated Capacity Purchase Agreement is hereby amended by adding a new clause (iv) thereto as follows:

(iv) Notwithstanding clause (i) of this Section 2.02(a), Continental shall not be entitled to provide in any notice delivered pursuant to this Section 2.02(a) for the withdrawal of a number of Covered Aircraft greater than the excess of (i) the number set forth on Schedule 4 hereto for the month in which the Effective Date set forth in such notice falls, plus the number of Delivered Covered Aircraft that have been withdrawn from the capacity purchase provisions of this Agreement at any time before such Effective Date in connection with a Labor Strike pursuant to Section 9.05(c), over (ii) the number of Covered Aircraft that have been withdrawn pursuant to this Section 2.02 within the three year period immediately preceding such Effective Date.

2. **Amendment to Section 6.02(b)**

. The date "December 31, 2005" contained in the fifth line of Section 6.02(b) of the Amended and Restated Capacity Purchase Agreement is hereby deleted and replaced with the date "December 31, 2006."

3. **Amendment to Section 9.03(a)**

. Section 9.03(a) of the Amended and Restated Capacity Purchase Agreement is hereby amended and restated in its entirety to read as follows:

(a) By Continental after Six Years. Continental may terminate this Agreement for any reason or for no reason, at its sole option, at any time on or after January 1, 2007, by providing written notice to Contractor that specifies a Termination Date of not more than 18 months nor less than 12 months after the provision of such notice. Such written notice may be delivered before January 1, 2007, so long as the Termination Date is on or after January 1, 2007.

4. **Amendment to Exhibit A**

. The definition of "Agreement" in Exhibit A to the Amended and Restated Capacity Purchase Agreement is hereby amended and restated in its entirety to read as follows:

Agreement - means the Amended and Restated Capacity Purchase Agreement, dated as of April 17, 2002, among Continental, Holdings, XJT and ExpressJet, as amended from time to time pursuant to Section 11.04 hereof.

5. **Addition of Schedule 4**

. The Amended and Restated Capacity Purchase Agreement is hereby amended by adding a Schedule 4 thereto, which Schedule 4 is attached to this Agreement as Annex A.

III.

REPRESENTATIONS AND WARRANTIES

1. Representations and Warranties of Holdings, XJT and ExpressJet

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

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

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

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

third person or entity, (iii) violate any law, statute, judgment, decree, order, rule or regulation of any governmental authority, or (iv) constitute any event which, after notice or lapse of time or both, would result in such violation, conflict, default, acceleration or creation or imposition of liens.

2. **Representations and Warranties of Continental**

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

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

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

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

IV.

MISCELLANEOUS

1. Effect of Agreement

. Except as specifically amended hereby, the Amended and Restated Capacity Purchase Agreement shall remain in full force and effect and is ratified in all respects by the parties hereto.

2. Binding Effect; Assignment

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

3. Amendment and Modification

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

4. Counterparts

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

5. Severability

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

6. Entire Agreement

. This Agreement is intended by the parties as a complete statement of the entire agreement and understanding of the parties with respect to the subject matter hereof and all matters between the parties related to the subject matter herein set forth.

7. Governing Law

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

(Signature Page Follows)

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

CONTINENTAL AIRLINES, INC.

By: s/ Jeffery A. Smisek

Name: Jeffery A. Smisek

Title: Executive Vice President - Corporate

EXPRESSJET HOLDINGS, INC.

By: s/ James B. Ream

Name: James B. Ream

Title: President and

Chief Executive Officer

XJT HOLDINGS, INC.

By: s/ James B. Ream

Name: James B. Ream

Title: President and

Chief Executive Officer

EXPRESSJET AIRLINES, INC.

By: s/ James B. Ream

Name: James B. Ream

Title: President and

Chief Executive Officer

ANNEX A

SCHEDULE 4 TO AMENDED AND RESTATED CAPACITY PURCHASE AGREEMENT

Effective Date Total

July, 2004 84

August, 2004 81

September, 2004 79

October, 2004 77

November, 2004 75

December, 2004 72

January, 2005 70

February, 2005 69

March, 2005 - May, 2007 69

EXHIBIT 10.2

CONTINENTAL AIRLINES, INC.

LONG TERM INCENTIVE PERFORMANCE AWARD PROGRAM

(as amended and restated through February 10, 2003)

I. PURPOSE OF PROGRAM

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

II. DEFINITIONS AND CONSTRUCTION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(n)"EBITDAR" means, with respect to each company in the Industry Group and each Performance Period, the aggregate earnings of such company and its consolidated subsidiaries during the Performance Period, determined prior to the charges, costs, and expenses associated with interest, income taxes, depreciation, amortization, and aircraft rent. EBITDAR shall be determined based on the regularly prepared and publicly available statements of operations of each company in the Industry Group prepared in accordance with GAAP (and if necessary to determine certain items, based on Form 41 data filed by such company with the Department of Transportation); provided, however, that EBITDAR shall be adjusted to exclude (i) non-operating income or expense, (ii) write-offs of assets (including aircraft and associated parts), (iii) one-time gains or losses from the disposal of assets, and (iv) any other item of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, in each case under clauses (i), (ii), (iii) and (iv) as determined by the Committee in accordance with GAAP. If the fiscal year of a company in the Industry Group is not the calendar year, then such company's EBITDAR for a Performance Period shall be determined based upon the fiscal quarters of such company that coincide with the fiscal quarters contained in such Performance Period. Further, if a company in the Industry Group provides publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses, then such company's EBITDAR shall be determined based solely upon the separately provided statements of operations pertaining to its airline business. Notwithstanding the foregoing, for purposes of determining EBITDAR of the Company for the Performance Period beginning January 1, 2001 and ending December 31, 2003, in the event that, during 2003, the Company disposes of a sufficient number of shares of ExpressJet Holdings, Inc. to cause a deconsolidation of the financial results of ExpressJet Holdings, Inc. and its consolidated subsidiaries from the financial results of the Company and its consolidated subsidiaries, EBITDAR of the Company with respect to such Performance Period shall be determined as if such deconsolidation had not occurred.

(o) "EBITDAR Margin" means, with respect to each company in the Industry Group and each Performance Period, the cumulative EBITDAR for such company for such Performance Period divided by such company's cumulative revenues (determined on a consolidated basis based on the regularly prepared and publicly available statements of operations of such company prepared in accordance with GAAP) over such Performance Period. If the fiscal year of a company in the Industry Group is not the calendar year, then such company's EBITDAR Margin for a Performance Period shall be determined based upon the fiscal quarters of such company that coincide with the fiscal quarters contained in such Performance Period. Further, if a company in the Industry Group provides publicly available statements of operations with respect to its airline business that are separate from the statements of operations provided with respect to its other businesses, then such company's EBITDAR Margin shall be determined based solely upon the separately provided statements of operations pertaining to its airline business. Notwithstanding the foregoing, for purposes of determining EBITDAR Margin of the Company for the Performance Period beginning January 1, 2001 and ending December 31, 2003, in the event that, during 2003, the Company disposes of a sufficient number of shares of ExpressJet Holdings, Inc. to cause a deconsolidation of the financial results of ExpressJet Holdings, Inc. and its consolidated subsidiaries from the financial results of the Company and its consolidated subsidiaries, EBITDAR Margin of the Company with respect to such Performance Period shall be determined as if such deconsolidation had not occurred.

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

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

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

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

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

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

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

a. "Operating Income Hurdle" with respect to a Performance Period means the achievement by the Company, during such Performance Period, of an average annual operating income of $300 million ($250 million with respect to the Performance Period commencing on the Effective Date and ending on December 31, 2002, $65 million with respect to the Performance Period commencing on January 1, 2001 and ending on December 31, 2003 or, with respect to any other Performance Period, such other amount as may be established by the Committee prior to the commencement of the applicable Performance Period) or more, as reflected on the regularly prepared and publicly available statements of operations of the Company and its consolidated subsidiaries prepared in accordance with GAAP, adjusted to exclude (i) accruals with respect to the Program, (ii) write-offs of assets (including aircraft and associated parts), (iii) one-time gains or losses from the disposal of assets, and the effect on annual operating incom e of the disposition of all or a significant portion of a business, and (iv) any other item of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, in each case under clauses (i), (ii), (iii) and (iv) as determined by the Committee in accordance with GAAP. The effect on annual operating income of the disposition of all or a significant portion of a business shall be determined by comparing (A) the operating income of the Company and its consolidated subsidiaries for the most recently completed fiscal year immediately preceding the date that such business is deconsolidated, in accordance with GAAP, from the Company's consolidated financial statements, with (B) the pro-forma annual operating income of the Company and its consolidated subsidiaries for such fiscal year, as set forth in a pro-forma condensed income statement of the Company and its consolidated subsidiaries covering such fiscal year and reflecting such disposition as if it had occurred at the beg inning of such fiscal year, prepared in accordance with Rules 11-01 and 11-02 of Regulation S-X under the Securities Exchange Act of 1934, as amended (irrespective of whether such rules would require the preparation thereof). The annual operating income of the year in which the disposition and deconsolidation occurs (pro-rated for the date of occurrence), and each following year in Performance Periods for then-outstanding Awards, shall be adjusted for such effect. Notwithstanding the foregoing, solely for determining the achievement by the Company of the Operating Income Hurdle for the Performance Period beginning January 1, 2001 and ending December 31, 2003, in the event that, during 2003, the Company disposes of a sufficient number of shares of ExpressJet Holdings, Inc. to cause a deconsolidation of the financial results of ExpressJet Holdings, Inc. and its consolidated subsidiaries from the financial results of the Company and its consolidated subsidiaries, operating income of the Company with respect to such Performance Period shall be determined as if such deconsolidation had not occurred (and in lieu of the adjustment therefor under clause (iii) above).

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

(y) "Payment Amount" means, with respect to each Participant and each Performance Period for which the Performance Target is satisfied, an amount equal to (i) such Participant's Base Amount in effect as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, multiplied by (ii) the Payout Percentage applicable to such Participant for such Performance Period; provided, however, that the Payment Amount with respect to each Participant with respect to the Performance Period commencing on January 1, 2000 and ending on December 31, 2000 shall be one-third of the amount calculated in accordance with the foregoing formula, the Payment Amount with respect to each Participant with respect to the Performance Period commencing on January 1, 2000 and ending on Dece mber 31, 2001 shall be two-thirds of the amount calculated in accordance with the foregoing formula, and the Payment Amount with respect to each Participant with respect to the Performance Period commencing on January 1, 2001 and ending on December 31, 2003 shall be the sum of (1) one-half of the amount calculated in accordance with the foregoing formula (if subclause (A) of the second sentence of the definition of Performance Target is satisfied) and (2) one-half of the Payment Amount (if subclause (B) of the second sentence of the definition of Performance Target is satisfied), calculated in accordance with the foregoing formula (calculated as if the Company achieved a Number 1 Ranking) times a single percentage point (up to 100 percentage points) for each million dollars of cumulative operating income above $220 million of cumulative operating income earned by the Company over the Performance Period beginning on January 1, 2001 and ending on December 31, 2003, as reflected on the regularly prepared and pu blicly available statements of operations of the Company and its consolidated subsidiaries prepared in accordance with GAAP, such cumulative operating income, in the event that, during 2003, the Company disposes of a sufficient number of shares of ExpressJet Holdings, Inc. to cause a deconsolidation of the financial results of ExpressJet Holdings, Inc. and its consolidated subsidiaries from the financial results of the Company and its consolidated subsidiaries, to be determined as if such deconsolidation had not occurred. Notwithstanding the foregoing, in no event shall the aggregate Payment Amounts with respect to any Performance Period exceed 5% of the actual average annual operating income of the Company and its consolidated subsidiaries with respect to such Performance Period (the "Program Cap"), as reflected on the regularly prepared and publicly available statements of operations of the Company and its consolidated subsidiaries prepared in accordance with GAAP, adjusted to exclude (i) accruals with res pect to the Program, (ii) write-offs of assets (including aircraft and associated parts), (iii) one-time gains or losses from the disposal of assets, and (iv) any other item of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence, in each case under clauses (i), (ii), (iii) and (iv) as determined by the Committee in accordance with GAAP; provided, however, that the Program Cap shall be $25 million with respect to the Performance Periods beginning on January 1, 2000 and ending on December 31, 2002 and beginning on January 1, 2001 and ending on December 31, 2003. All Payment Amounts with respect to any Performance Period in which the Program Cap would, but for the foregoing limitation, be exceeded shall be reduced pro-rata so that the aggregate Payment Amounts equal the Program Cap.

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

(i) In the case of a Participant who is the Company's Chief Executive Officer as of the earlier of (1) the last day of such Performance Period, (2) the date of such Participant's death or

Disability, or (3) the day immediately preceding the date upon which such Participant suffers a Qualifying Event in connection with, after, or in contemplation of a Change in Control, (A) 150% if the Company achieves a Number 1 Ranking for such Performance Period, (B) 100% if the Company achieves a Number 2 Ranking for such Performance Period, and (C) 75% if the Company achieves a Number 3 Ranking for such Performance Period;

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

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

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

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

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

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

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

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

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

(bb) "Performance Target" means, with respect to a Performance Period, that (1) the EBITDAR Margin for the Company for such Performance Period ranks first (a "Number 1 Ranking"), second (a "Number 2 Ranking"), or third (a "Number 3 Ranking") when comparing the EBITDAR Margins for such Performance Period for all companies comprising the Industry Group as of the last day of such Performance Period, and (2) the Operating Income Hurdle with respect to such Performance Period has been achieved. Notwithstanding the foregoing, Performance Target means, with respect to the Performance Period beginning January 1, 2001 and ending December 31, 2003, that the Operating Income Hurdle with respect to such Performance Period has been achieved, and that either (A) the EBITDAR Margin for the Company for such Performance Period shall be a Number 1 Ranking, a Number 2 Ranking or a Number 3 Ranking when comparing the EBITDAR Margins for such Performance Period for all companies comprising t he Industry Group as of the last day of such Performance Period, or (B) the Company's cash flow over such Performance Period is such that the Company's cash, cash equivalents and short term investments (including restricted cash, cash equivalents and short term investments) at the end of such Performance Period is $1 billion or greater, as reflected on the regularly prepared and publicly available balance sheet of the Company and its consolidated subsidiaries prepared in accordance with GAAP (and in the event that, during 2003, the Company disposes of a sufficient number of shares of ExpressJet Holdings, Inc. to cause a deconsolidation of the financial results of ExpressJet Holdings, Inc. and its consolidated subsidiaries from the financial results of the Company and its consolidated subsidiaries, cash flow and the resulting cash, cash equivalents and short term investments (including restricted cash, cash equivalents and short term investments) of the Company with respect to such Performance Period shall be determined as if such deconsolidation had not occurred).

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

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

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

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

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

2.2 Number, Gender, Headings, and Periods of Time. Wherever appropriate herein, words used in the singular shall be considered to include the plural, and words used in the plural shall be considered to include the singular. The masculine gender, where appearing in the Program, shall be deemed to include the feminine gender. The headings of Articles, Sections, and

Paragraphs herein are included solely for convenience. If there is any conflict between such headings and the text of the Program, the text shall control. All references to Articles, Sections, and Paragraphs are to this Program unless otherwise indicated. Any reference in the Program to a period or number of days, weeks, months, or years shall mean, respectively, calendar days, calendar weeks, calendar months, or calendar years unless expressly provided otherwise.

III. ADMINISTRATION

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

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

3.3 Administrator Decisions Conclusive; Standard of Care. The Administrator shall, in its sole discretion exercised in good faith (which, for purposes of this Section 3.3, shall mean the application of reasonable business judgment), make all decisions and determinations and take all actions necessary in connection with the administration of the Program. All such decisions, determinations, and actions by the Administrator shall be final, binding, and conclusive upon all persons. However, in the event of any conflict in any such determination as between the Committee and the Chief Executive Officer of the Company, each acting in capacity as Administrator of the Plan, the determination of the Committee shall be conclusive. The Administrator shall not be liable for any action or determination taken or made in good faith or upon reliance in good faith on the records of the Company or information presented to the Administrator by the Company's officers, employees, or o ther persons (including the Company's outside auditors) as to matters the Administrator reasonably believes are within such other person's professional or expert competence. If a Participant disagrees with any decision, determination, or action made or taken by the Administrator, then the dispute will be limited to whether the Administrator has satisfied its duty to make such decision or determination or take such action in good faith. No liability whatsoever shall attach to or be incurred by any past, present or future stockholders, officers or directors, as such, of the Company or any of its Subsidiaries, under or by reason of the Program or the administration thereof, and each Participant, in consideration of receiving benefits and participating hereunder, expressly waives and releases any and all claims relating to any such liability.

IV. PARTICIPATION AND AWARD NOTICES

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

4.2 Award Notices. The Company shall provide an Award Notice to each Eligible Employee who becomes a Participant with respect to a Performance Period within 30 days after such Eligible Employee becomes such a Participant; provided, however, that Award Notices for the Performance Periods that begin on the Effective Date shall be provided on or before March 31, 2000. Each

Award Notice shall specify (a) the Performance Period to which the Award relates and (b) the potential Payout Percentages applicable to such Award based on the Participant's position as of the date of issuance of the Award Notice.

V. INDUSTRY GROUP

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

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

VI. AWARD PAYMENTS

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

2. **Eligibility for Payment of Awards.** Upon the Committee's written certification in accordance with Section 6.1 that a Performance Target for a Performance Period and any other material terms relating to the payment of an Award have been satisfied, each Participant who has received an Award with respect to such Performance Period and who has remained continuously employed by the Company from the date he or she received such Award until the last day of such Performance Period shall be entitled to the Payment Amount applicable to such Participant's Award for such Performance Period. Except as provided in Section 6.3 and Section 6.4, if a Participant's employment with the Company terminates for any reason whatsoever prior to the last day of a Performance Period, then such Participant shall not be entitled to receive any payment under the Program with respect to his or her Award for such Performance Period, unless otherwise determined by the Administrator. Payment of the amou nt to which a Participant becomes entitled pursuant to this Section 6.2 shall be made by the Company within five business days after the Committee's written certification of the satisfaction of the applicable Performance Target.

6.3 Death or Disability. Except as provided in Section 6.4, if during a Performance Period with respect to which a Participant has received an Award, such Participant dies or becomes Disabled, then as to such Participant only (a) the Administrator, based on publicly available data with respect to each Performance Period that began prior to the date of such Participant's death or Disability and which has not ended as of such date, shall as promptly as practicable determine the actual EBITDAR Margin and operating income performance of the Company and its consolidated subsidiaries through the most recent practicable date (and, with respect to the Performance Period beginning on January 1, 2001 and ending on December 31, 2003, shall determine the Company's cash flow for the period from January 1, 2001 through the most recent practicable date, and the Company's resulting cash, cash equivalents and short term investments, including restricted cash, cash equivalents and short term investments at the most recent practicable date), and shall determine, based on such data and publicly available data with respect to the companies contained in the Industry Group (and, if deemed appropriate by the Administrator, annualizing or otherwise making assumptions with respect to any relevant data), whether the Company has achieved the Performance Target through such most recent practicable date, and if so whether the Company has achieved a Number 1 Ranking, Number 2 Ranking or Number 3 Ranking through such most recent practicable date, and (b) the provisions of Sections 6.1 and 6.2 shall cease to apply with respect to each such Performance Period. With respect to each such Performance Period that the Performance Target has been satisfied in the manner described in clause (a) of the preceding sentence, such Participant (or, in the case of death, such Participant's estate) shall (i) receive a payment from the Company, within

five business days after the determination by the Administrator referred to in clause (a) of the foregoing sentence, equal to the Payment Amount applicable to such Participant's Award for such Performance Period multiplied by a fraction, the numerator of which is the number of days during the period beginning on the first day of such Performance Period and ending on the date such Participant died or became Disabled, and the denominator of which is the number of days in the entire Performance Period, and (ii) not be entitled to any additional payment under the Program with respect to such Performance Period.

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

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

6.6 Cancellation and Replacement of Awards by the Committee. The Committee may at any time prior to the last day of a Performance Period (other than after, or in contemplation of, a Change in Control, or as to any Award, after the death or Disability of the Participant), in its sole discretion, with or without cause, for any reason that in the opinion of the Committee is in the best interests of the Company, direct the Company to cancel all or any portion of a Participant's Award for such Performance Period, and simultaneously replace such Award (or portion thereof) so cancelled with Stock Options. In determining whether the decision to cancel all or a portion of a Participant's Award is in the best interests of the Company, the Committee shall make its determination in good faith (which, for this purpose, shall mean that the Committee shall exercise reasonable business judgment). This contractual duty to make such decision in good faith is in lieu of, and subsumes, any and all other express or implied duties, in contract, tort, or otherwise, that might otherwise be imposed upon the Committee or the Company with respect to such decision. A decision by the Committee to cause such a cancellation may vary among Participants and may vary among the Awards held by an individual Participant. To effect such a cancellation, the Committee shall cause the Company to deliver to the Participant a written notice (the "Cancellation Notice") specifying the Participant's Award (or portion thereof) to be cancelled, accompanied by a grant document for the Stock Options replacing the cancelled Award (or portion thereof). Upon delivery of the Cancellation Notice accompanied by such grant document for the Stock Options replacing the cancelled Award (or portion thereof), the Award (or portion thereof) that is to be cancelled as specified in such notice shall be canceled. Any portion of such Award not so cancelled shall remain outstanding. The Stock Options to be granted to a Participant upo n cancellation of all or any portion of such Participant's Award shall have a Black-Scholes value (determined by the Committee in good faith and using assumptions consistent with those used by the Company in calculating Black-Scholes values for proxy statement purposes) at least as great as the value of the Award (or portion thereof) being cancelled, with the value of an Award (or portion thereof) being cancelled to be equal to the payment a Participant who satisfied all conditions to payment would have received with respect thereto (based on the Participant's position and Base Amount in effect on the date of cancellation of such Participant's Award) if the Company had satisfied the Performance Target and achieved a Number 2 Ranking during the relevant Performance Period.

VII. STOCKHOLDER APPROVAL, TERMINATION,

AND AMENDMENT OF PROGRAM

7.1 Stockholder Approval. The Program shall be effective as of the Effective Date; provided that the Incentive Plan 2000 is approved by the Company's stockholders in the manner required under section 162(m) of the Code at the Company's 2000 annual meeting of stockholders. Notwithstanding any provision herein to the contrary, no payment under the Program shall be made to or on behalf of any Participant unless the Incentive Plan 2000 is so approved by the Company's stockholders. If the Company's

stockholders do not so approve the Incentive Plan 2000, then (a) all Awards under the Program shall be void *ab initio* and of no further effect and (b) the Program shall terminate.

7.2 Termination and Amendment. The Committee may amend the Program at any time and from time to time, and the Committee may at any time terminate the Program (in its entirety or as it applies to one or more specified Subsidiaries) with respect to Performance Periods that have not commenced as of the date of such Committee action; provided, however, that the Program may not be amended in a manner that would impair the rights of any Participant with respect to any outstanding Award without the consent of such Participant, and this Program may not be amended or terminated in contemplation of or in connection with a Change in Control, nor may any Participant's participation herein be terminated in contemplation of or in connection with a Change in Control, unless adequate and effective provision for the making of all payments otherwise payable (based on Participants' Base Amounts as in effect immediately prior to such Change in Control) pursuant to Section 6.4 of this Progra m (as in effect on the date of stockholder approval described in Section 7.1) with respect to such Change in Control shall be made in connection with any such amendment or termination. The Committee shall remain in existence after the termination of the Program for the period determined necessary by the Committee to facilitate the termination of the Program, and all provisions of the Program that are necessary, in the opinion of the Committee, for equitable operation of the Program during such period shall remain in force.

VIII. MISCELLANEOUS PROVISIONS

8.1 No Effect on Employment Relationship. For all purposes of the Program, a Participant shall be considered to be in the employment of the Company as long as he or she remains employed on a full-time basis by the Company or any Subsidiary. Nothing in the adoption of the Program, the grant of Awards, or the payment of amounts under the Program shall confer on any person the right to continued employment by the Company or any Subsidiary or affect in any way the right of the Company (or a Subsidiary, if applicable) to terminate such employment at any time. Unless otherwise provided in a written employment agreement, the employment of each Participant shall be on an at-will basis, and the employment relationship may be terminated at any time by either the Participant or the Participant's employer for any reason whatsoever, with or without cause. Any question as to whether and when there has been a termination of a Participant's employment for purposes of the Program, and t he reason for such termination, shall be determined solely by and in the discretion of the Administrator, and its determination shall be final, binding, and conclusive on all parties.

8.2 Prohibition Against Assignment or Encumbrance. No Award or other right, title, interest, or benefit hereunder shall ever be assignable or transferable, or liable for, or charged with any of the torts or obligations of a Participant or any person claiming under a Participant, or be subject to seizure by any creditor of a Participant or any person claiming under a Participant. No Participant or any person claiming under a Participant shall have the power to anticipate or dispose of any Award or other right, title, interest, or benefit hereunder in any manner until the same shall have actually been distributed free and clear of the terms of the Program. Payments with respect to an Award shall be payable only to the Participant (or (a) in the event of a Disability that renders such Participant incapable of conducting his or her own affairs, any payment due under the Program to such Participant shall be made to his or her duly appointed legal representative and (b) in t he event of the death of a Participant, any payment due under the Program to such Participant shall be made to his or her estate). The provisions of the Program shall be binding on all successors and permitted assigns of a Participant, including without limitation the estate of such Participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the Participant's creditors.

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

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

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

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

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

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

IN WITNESS WHEREOF, the undersigned officer of the Company acting pursuant to authority granted to him by the Committee has executed this instrument effective as of February 10, 2003.

CONTINENTAL AIRLINES, INC.

By: s/ Jeffery A. Smisek

Jeffery A. Smisek

Executive Vice President

EXHIBIT 10.3

Special Bonus Program for Key Management for 2003

WHEREAS, the Company desires to incentivize key management during 2003, which the Committee expects to be a year of significant restructuring of the U.S. airline industry; and

WHEREAS this Committee recognizes that, based on the financial budget adopted by the Board of Directors and the Budget adopted by this Committee for the Executive Bonus Performance Award Program, and based on the structure of the Executive Bonus Performance Award Program, it is unlikely that any bonus payments will be made to key management of the Company thereunder even if the financial performance of the Company significantly exceeds expectations, in light of the continuing effect on the Company of the terrorist attacks of September 11, 2001 and subsequent events outside the control of management of the Company; and

WHEREAS, the compensation structure of the Company is such that incentive payments, such as bonuses, are designed to constitute a significant amount of total compensation for participants in the Company's Executive Bonus Performance Award Program; and

WHEREAS, this Committee deems it advisable and in the best interests of the Company and its stockholders to incentivize key management to deliver the best performance possible for the benefit of the Company's stockholders during 2003;

NOW THEREFORE, BE IT RESOLVED, that this Committee, acting pursuant to its authority under its charter and the Company's Incentive Plan 2000, hereby adopts a special bonus program for 2003, which this Committee shall administer, for participants in the Executive Bonus Performance Award Program, which special bonus program will provide each such participant a Performance Award (under and subject to the terms of the Company's Incentive Plan 2000, including the limitations on the maximum value of awards contained therein) consisting of an opportunity to receive a cash bonus payment with respect to 2003 based on the following performance measures, in the amount of the highest of (1) 75% of the participant's base salary earned during 2003 if the Company achieves a Number 2 Ranking in EBITDAR Margin for 2003 (as such capitalized terms are defined in and their components adjusted pursuant to the Company's Long Term Incentive Performance Award Program, as amended ("LTIP"), but determined by considering the perfor mance period to consist solely of 2003), or (2) 100% of the participant's base salary earned during 2003 if the Company achieves a Number 1 Ranking in EBITDAR Margin for 2003 (as such capitalized terms are defined in and their components adjusted pursuant to the LTIP, but determined by considering the performance period to consist solely of 2003), or (3) 125% of the participant's base salary earned during 2003 if the Company achieves a positive net income with respect to at least two fiscal quarters of 2003, as reflected on the regularly prepared and publicly available statements of operations of the Company and its consolidated subsidiaries prepared in accordance with generally accepted accounting principles, and the Company also achieves a Number 2 or Number 1 Ranking in EBITDAR Margin for 2003 (as such capitalized terms are defined in and their components adjusted pursuant to the LTIP, but determined by considering the performance period to consist solely of 2003), in each case less any amounts paid with respect to the Company's Executive Bonus Performance Award Program for 2003; and

RESOLVED, in determining EBITDAR, EBITDAR Margin and whether the Company has achieved a positive net income with respect to at least two fiscal quarters of 2003 in the event that the Company disposes of a sufficient number of shares of ExpressJet Holdings, Inc. during 2003 to cause a deconsolidation of the financial results of ExpressJet Holdings, Inc. and its consolidated subsidiaries from the financial results of the Company and its consolidated subsidiaries, net income, EBITDAR and EBITDAR Margin of the Company and its consolidated subsidiaries shall be, for purposes of such special bonus program for 2003, determined as if such deconsolidation had not occurred; and

RESOLVED, that participation in such special bonus program for 2003 shall be evidenced by Performance Awards under the Incentive Plan 2000, that the performance period for such Performance Awards shall be the year 2003, that payment of any bonus under such Performance Awards shall be made as promptly as practicable after the conclusion of 2003, and that the payment of bonuses under such special bonus program for 2003 will require the advance approval of this Committee, including the written certification by this Committee of the satisfaction of the relevant performance measures as described above, which may be effected at a meeting of this Committee or by an approval form signed by each member of this Committee; and

RESOLVED, that the interpretation and construction by the Committee of any provision of the special bonus program, and any determination or action by the Committee in connection therewith, will be final and conclusive for all purposes, and each participant's participation in the program will be expressly subject to the foregoing; that no member of the Committee shall be liable in connection with the program for any action or determination taken or made in good faith or upon reliance in good faith on the records of the Company or information presented to the Committee by the Company's officers, employees, or other persons (including the Company's outside auditors) as to matters such member reasonably believes are within such other person's professional or expert competence; and that if a participant disagrees with any decision, determination, or action made or taken by the Committee, then the dispute will be limited to whether the Committee has satisfied its duty to make such decision or determination or t ake such action in good faith; and

RESOLVED, that participation in the program by a participant shall terminate upon such participant's termination of employment with the Company and its subsidiaries, and no participant shall have any right to continue to participate in the program or have any vested right to any bonus thereunder (except for vested rights to bonuses with respect to 2003 if such year has ended prior to an amendment or termination of the program or prior to such participant's termination of employment with the Company and its subsidiaries); and

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

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

RESOLVED, that no bonus or other right, title, interest, or benefit under the program shall ever be assignable or transferable, or liable for, or charged with any of the torts or obligations of a participant or any person claiming under a participant, or be subject to seizure by any creditor of a participant or any person claiming under a participant; that no participant or any person claiming under a participant shall have the power to anticipate or dispose of any bonus or other right, title, interest, or benefit under the program in any manner until the same shall have actually been distributed free and clear of the terms of the program; that payments with respect to bonuses under the program shall be payable only to the participant (or in the event of the death of a participant, any payment due under the program to such participant shall be made to his or her estate), and that the provisions of the program shall be binding on all successors and assigns of a participant, including withou t limitation the estate of such participant and the executor, administrator or trustee of such estate, or any receiver or trustee in bankruptcy or representative of the participant's creditors; and

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

RESOLVED, that the Chief Executive Officer is authorized to notify each person who is a participant in the special bonus program of the existence and structure of the special bonus program and the fact that such person is a participant, and that the appropriate officers of the Company are authorized to execute and deliver, on behalf of the Company, Grant Documents evidencing such Performance Awards.

EXHIBIT 10.4

EARLY RETIREMENT AGREEMENT

This Early Retirement Agreement ("Agreement") is entered into between C.D. MCLEAN ("Executive") and Continental Airlines, Inc. ("Continental" or the "Company"), and is effective on the Effective Date as defined below.

WHEREAS, Executive desires to retire; and

WHEREAS, the Company has determined that it is in the best interests of the Company that Executive retire; and

WHEREAS, the Company and Executive are parties to that certain Employment Agreement dated as of July 25, 2000, as amended by letter agreement dated April 9, 2002, between the Company and Executive (the "Employment Agreement"); and

WHEREAS, Executive is desirous of receiving additional consideration upon his retirement beyond that provided for in his Employment Agreement, and the Company is desirous of obtaining the retirement of Executive and the releases and other agreements of Executive contained in this Agreement;

NOW, THEREFORE, IT IS AGREED between Executive and Continental as follows:

1. The terms of this Agreement are in addition to the terms contained in the Employment Agreement, and nothing herein shall affect any of Executive's or Continental's rights or obligations under the Employment Agreement, except as expressly set forth herein. Each of Executive and Continental agree that Executive's separation from employment with Continental is voluntary and shall be treated as a resignation by Executive pursuant to paragraph 2.3(vii) under the Employment Agreement, and as a retirement under Executive's outstanding stock option, restricted stock and Officer Retention and Incentive Award Program ("Retention Program") awards, with the date of such retirement being the Effective Date, but not as a retirement under the Continental Retirement Plan, unless Executive is otherwise eligible for retirement thereunder. Accordingly, pursuant to the Employment Agreement, Executive shall, subject to the terms of the Employment Agreement, be provided Flight Benefits (as such term is de fined in the Employment Agreement) for Executive's lifetime, Executive and his eligible dependents shall be provided Continuation Coverage (as such term is defined in the Employment Agreement) for the remainder of Executive's lifetime, and Company shall perform its obligations with respect to the automobile currently used by Executive as provided in subparagraph 3.7(i) of the Employment Agreement. Moreover, Continental hereby transfers to Executive ownership of the painting by Bruce Brainard currently in Executive's office. Notwithstanding the provisions of the Employment Agreement, Executive's resignation shall not function as a resignation from his position as a member of the board of directors of ExpressJet Holdings, Inc.

2. In addition, Continental shall pay Executive the amount of Executive's current annual base salary ($625,000.00) in a lump sum on the Effective Date (less applicable taxes).

3. In addition, Continental shall pay Executive a pro-rated annual bonus for 2003 (based on the bonus program currently applicable to Executive and the number of days Executive was employed by Continental during calendar year 2003), less applicable taxes, payable only if and when the Company's 2003 annual bonus is paid.

4. In addition, Continental shall provide Executive with credited years of service under the supplemental executive retirement plan described in paragraph 3.5 of the Employment Agreement ("SERP"), as if Executive had worked at Continental one additional year after the Effective Date. This will result in Executive receiving a total of three additional credited years of service under the SERP. Executive hereby elects, pursuant to paragraph 3.5(iii) of the Employment Agreement, to take an Early Retirement Benefit under the SERP in the form of a Lump-Sum Payment (as such terms are defined in the SERP) payable on the first day of the month following the Effective Date, and the Company hereby waives (i) the requirement that it receive such written election from Executive at least 15 days prior to the date of payment, and (ii) the 10% reduction in the amount of such payment otherwise provided for in the SERP.

5. In addition, Continental shall provide at no expense to Executive during his lifetime a parking place at IAH and RDU for as long as Continental serves IAH and RDU, respectively, and has such parking available to it.

6. Executive agrees that all his outstanding option grants, restricted stock grants and PARs awards under the Retention Program are listed on Exhibit A hereto. As provided in the applicable option grant documents, all options will vest effective on the Effective Date and Executive will have until the close of business one year after the Effective Date (or, if earlier, the expiration of the relevant option period) to exercise his options. At the close of business on the date that is one year after the Effective Date (or, if earlier, on the expiration of the relevant option period), all of Executive's options will expire whether or not exercised.

7. As provided in the applicable grant documents with respect to Executive's restricted stock, all shares of Executive's restricted stock will vest on the Effective Date.

8. As provided in the applicable award documents and the terms of the Retention Program, Executive's nonvested PARs under the Retention Program will vest on the Effective Date.

9. No amounts will be payable to Executive with respect to his outstanding awards under the Company's Long Term Incentive Performance Award Program.

10. Executive represents and agrees that he will keep the terms, amount and fact of this Agreement completely confidential, and that he will not hereafter disclose any information concerning this Agreement to anyone, including, but not limited to, any past, present, or prospective employee or applicant for employment of the Company, except as required by law. Notwithstanding the foregoing, Executive may disclose the nature and terms of this Agreement to his legal or financial advisors and reveal its financial terms in credit or loan applications, and the like. Both parties agree that this Agreement is not and shall not be construed as an admission of any wrongdoing or liability on the part of either party.

11. Executive acknowledges and agrees that Executive would not be entitled to certain of the payments and benefits provided for in this Agreement, including in paragraphs 2 through 5 of this Agreement (the "Separation Benefits"), upon Executive's voluntary termination of employment with the Company on the Effective Date in the absence of this Agreement.

12. In consideration of the Separation Benefits, Executive hereby releases Continental and each of its subsidiaries and affiliates and their respective stockholders, officers, directors, employees, representatives, agents and attorneys (collectively, "Releasees") from any and all claims or liabilities, known or unknown, of any kind, including, without limitation, any and all claims and liabilities relating to Executive's employment by, or services rendered to or for, Continental or any of its subsidiaries or affiliates, or relating to the cessation of such employment or under the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Family and Medical Leave Act, Title VII of the Civil Rights Act of 1964, 42 U.S.C. Section 1981, the Texas Commission on Human Rights Act, and any other statutory, tort, contract or common law cause of action, other than claims or liabilities arising from a breach by Continental of this Agreement or the Employment Agreement or of its ob ligations under Executive's outstanding grants of stock options or restricted stock or awards under the Retention Program. Continental hereby releases Executive from any and all claims or liabilities, known or unknown, of any kind in any way relating to or pertaining to Executive's employment by, or services rendered to or for, Continental or any of its subsidiaries or affiliates, other than fraud or intentional malfeasance harmful to Continental or any Releasee or claims arising from a breach by Executive of this Agreement or the Employment Agreement or Executive's obligations under Executive's outstanding grants of stock options or restricted stock or awards under the Retention Program. These releases are to be broadly construed in favor of the released persons. The releases in this paragraph do not apply to any rights or claims that may arise after the date of execution of this Agreement by Executive.

13. Notwithstanding the foregoing, the obligations created by this Agreement, the Employment Agreement, and Executive's outstanding option grants, grants of restricted stock and awards under the Retention Program are not released. Executive further agrees that the amounts and covenants contained herein are of greater value than anything to which Executive is already entitled, and Executive will not file or permit to be filed on his behalf any claim or lawsuit relating to his employment or its termination, other than to enforce the provisions of this Agreement, the Employment Agreement, the option grants, grants of restricted stock or the awards to Executive under the Retention Program. Executive understands and agrees that, except for any vested benefits he may have pursuant to the Employee Retirement Income Security Act, he will not be entitled to any other compensation beyond that which Continental has agreed to provide herein, in the Employment Agreement or pursuant to the option gran ts, grants of restricted stock or the awards to Executive under the Retention Program.

14. Executive has forty-five (45) days to review and consider this Agreement and the OWBPA materials referred to in paragraph 15 below. This Agreement will become effective, enforceable and irrevocable seven days after the date on which Executive signs it (the "Effective Date"). During the seven-day period prior to the Effective Date, Executive may revoke this Agreement in writing addressed to the undersigned. Of course, if Executive exercises his right to revoke, this Agreement shall be null and void and he will forfeit his right to receive amounts or other benefits that would otherwise be paid or provided to him hereunder.

15. Both parties intend to comply with the Older Worker Benefit Protection Act ("OWBPA"). Executive represents that he understands (i) the requirements of the early retirement program offered to a small group of select senior and non-senior officers of the Company, (ii) the applicable time limits, (iii) the criteria for eligibility (i.e., that he has been selected to receive the opportunity to participate), and (iv) the OWBPA table provided to Executive contemporaneously with this Agreement containing the job titles and ages of persons eligible or selected for the program and the ages of all individuals in the same job classification or organization unit who are not eligible or selected.

16. Executive represents and agrees that he has been advised to and had the opportunity to thoroughly discuss all aspects of this Agreement with his private attorney, that he has carefully read and fully understands all of the provisions of this Agreement, and that he is knowingly and voluntarily entering into this Agreement.

17. The parties acknowledge that, in the event of a breach of this Agreement, damages would not provide an adequate remedy and that the non-breaching party may seek specific performance of any provision contained herein. If any party to this Agreement brings legal action to enforce the terms of this Agreement, the party which prevails in such legal action, in addition to the remedy or relief obtained in such action, shall be entitled to recover its or his expenses incurred in connection with such legal action, including without limitation, costs of court and attorneys' fees.

18. The Company may withhold all applicable taxes from payments to be made hereunder.

19. Executive agrees to hold in confidence and not disclose to any person or otherwise misuse business plans, trade secrets, financial information, or any other Confidential or Proprietary Information of Continental or its subsidiaries or affiliates. "Confidential or Proprietary Information" means any information not generally known in the relevant trade or industry which was learned, discovered, developed, conceived, originated or prepared during Executive's employment with Continental or its subsidiaries or affiliates.

20. The terms and conditions of this Agreement constitute the entire agreement and understanding of the parties with respect to the subject matter hereof, and supersede any and all prior agreements and understandings, written or oral, between the parties with respect thereto. This Agreement shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the undersigned have executed this Agreement, to be effective on the Effective Date.

Date of execution by Executive: EXECUTIVE

March 18, 2003 s/ C.D. McLean

C.D. McLean

CONTINENTAL AIRLINES, INC.

By: s/ Michael H. Campbell

Michael H. Campbell

Senior Vice President

Human Resources & Labor Relations

						Exhibit A
CONTINENTAL AIRLINES, INC.						
As of March 25, 2003						
Clarence D. McLean						
Stock Options						
Grant Date	**Shares Granted**	**Option Price**	**Shares Exercised**	**Shares Outstanding**	**Shares Vested**	**Expiration Date**
06/28/2002	270,000	$15.7800	0	270,000	270,000	03/25/2004
Restricted Stock						
Grant Date	**Shares Granted**		**Shares Previously Issued**	**Shares Outstanding**	**Shares Vested**	
07/25/2000	30,000		20,000	10,000	10,000	
04/09/2002	40,000		0	40,000	40,000	

	70,000		20,000	50,000	50,000	
Retention Awards (PARs)						
	PARs		**PARs**			
Company	**Granted**		**Vested**			
Orbitz, LLC	80,000		80,000			
CIMO, Inc.	110,000		110,000			
Netcentives, Inc.	12,500		12,500			
Rosenbluth/BT Investments	25,000		25,000			
LastMinuteTravel.com	27,500		27,500			
e-Travel, Inc.	12,500		12,500			
MilePoint, LLC	12,500		12,500			
Cordiem	12,500		12,500			
SideStep, Inc.	12,500		12,500			
Neat Group, Inc.	15,000		15,000			
Patheo, Inc.	15,000		15,000			
	335,000		335,000			

THIS AGREEMENT SHALL NOT BE BINDING

UPON THE PORT AUTHORITY UNTIL DULY

EXECUTED BY AN EXECUTIVE OFFICER

THEREOF AND DELIVERED TO THE LESSEE

BY AN AUTHORIZED REPRESENTATIVE OF THE

PORT AUTHORITY

Newark International Airport

Supplement No. 18

Port Authority Lease No. **ANA-170**

EIGHTEENTH SUPPLEMENTAL AGREEMENT

THIS AGREEMENT, made as of May 18, 2001 (the "Effective Date") (sometimes referred to as "Eighteenth Supplemental Agreement" or as "Supplement No. 18" of the Lease) by and between THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY (hereinafter referred to as "the Port Authority") and CONTINENTAL AIRLINES, INC., a corporation of the State of Delaware, (hereinafter referred to as "the Lessee"),

WITNESSETH, That:

WHEREAS, the Port Authority and People Express Airlines, Inc. as of January 11, 1985 entered into an agreement of lease covering certain premises, rights and privileges at and in respect to Newark International Airport (hereinafter called the "Airport") as therein set forth (said agreement of lease as heretofore supplemented and amended is hereinafter called the "Lease");and

WHEREAS, the Lease was thereafter assigned by said People Express Airlines, Inc. to the Lessee pursuant to an Assignment of Lease with Assumption and Consent Agreement entered into among the Port Authority, the Lessee and said People Express Airlines, Inc. and dated August 15, 1987; and

WHEREAS, a certain Stipulation between the parties hereto was heretofore submitted for approval of the United States Bankruptcy Court for the District of Delaware ("the Bankruptcy Court") covering the Lessee's assumption of the Lease as part of the confirmation of its reorganization plan in its Chapter 11 bankruptcy proceedings and as debtor and debtor in possession pursuant to the applicable provisions of the United States Bankruptcy Code as set forth in and subject to the terms and conditions of said Stipulation (said Stipulation being hereinafter referred to as the "Stipulation"); and

WHEREAS, the Stipulation and the Lessee's assumption of the Lease was approved by the Bankruptcy Court by an Order thereof dated the 1st day of October, 1993; and

WHEREAS, the Port Authority and the Lessee desire to amend the Lease in certain respects as hereinafter set forth;

NOW, THEREFORE, in consideration of the covenants and mutual agreements herein contained, the Port Authority and the Lessee hereby agree to amend the Lease, effective as of the Effective Date, as follows:

1. (a) With respect to the passenger loading bridges which are referred to in the Lease as the "42 passenger loading bridges" for which Port Authority construction advances were made pursuant to Sections 2 and 6 of the Lease (hereinafter sometimes referred to as the "Section 2 loading bridges"), it is hereby recognized that the Lessee has advised the Port Authority that, based on a change in the operating plan for the premises including greater utilization of wide-bodied aircraft, certain additional modifications and removal work are required; the same to be performed by the Lessee under Tenant Alteration Applications which have been or shall be submitted by the Lessee for approval by the Port Authority (said Tenant Alteration Applications if, as and when approved by the Port Authority being herein called the "Alteration Applications); with said work consisting of (i) the removal from the premises of twelve 12 of the Section 2 passeng er loading bridges including the transfer of the title thereof to the Lessee and the disposition of the same by the Lessee. Said twelve (12) loading bridges being identified by gate number at the C-1 and C-2 portions of the premises (as defined in Supplement No. 17 of the Lease) and by serial number ("2001 Removed Loading Bridges") as follows:

2001 Removed Loading Bridges List

Loading Bridge Location--Gate Loading Bridge Serial Number

(1) 70 WS500R-43

(2) 72 WS500R-42

(3) 81 WS500R-44

(4) 83 WS500R-48

(5) 85 WS500R-60

(6) 94 WS500R-39

(7) 105 WS500R-35

(8) 107 WS500R-36

(9) 74 WS903-19

(10) 80 WS903-16

(11) 82 WS903-49

(12) 110 WS903-18

; and (ii) the refurbishment by the Lessee at its sole cost and expense of the following two (2) loading bridges, which shall remain the property of the Port Authority;

Refurbished bridges at C-1 C-2 portion of the premises:

Refurbished Loading Bridge Location--Gate Loading Bridge Serial Number

(A) 114 WS500R-52

(B) 115 WS500R-53

; and (iii) the installation in the C-1 and C-2 portions of the premises, at the Gate Positions listed in the foregoing clause (i), of twelve (12) new passenger loading bridges (as hereinafter described) ("C-1C-2 New Loading Bridges") to replace the 2001Removed Loading Bridges: as follows:

2001 C-1C-2 New Loading Bridges

Loading Bridge Location--Gate Loading Bridge Serial Number

1. 70 39477

2. 72 39478

3. 74 39451

4. 80 39453

5. 81 39479

6. 82 39454

7. 83 39480

8. 85 39481

9. 94 39482

10. 105 39483

11 107 39484

12 110 39452

, and provided that such C-1C-2 New Loading Bridges shall not be deemed to constitute Schedule 1 Terminal Fixtures (as defined in Paragraph 53 of Supplement No. 17 of the Lease) under the Lease.

The Lessee represents and warrants to the Port Authority that the four C-1 C-2 New Loading Bridges at Gates 74, 80, 82 and 110 that are listed as numbers 3, 4, 6, and 12 in this clause (iii) were purchased and installed at the C-1 C-2 portion of the premises by the Lessee with its own funds and that the Lessee has and shall retain title thereto; and the Lessee further represents and warrants to the Port Authority that by a bill of sale (a copy of which is attached hereto) the Lessee obtained title to said four loading bridges. The Lessee further represents and warrants to the Port Authority that the eight C-1 C-2 New Loading Bridges that are listed as numbers 1, 2, 5, 7, 8, 9, 10, and 11 in this clause (iii) were acquired and installed by the Lessee in the C-1 C-2 portion of the premises using proceeds of NJEDA (New Jersey Economic Development Authority) bond financing (Continental Airlines, Inc. Project, Series 1999), that title to said eight loading bridges vested in the NJE DA and were subleased to the Lessee by NJEDA subject to the Lease and to that certain Consent Agreement dated September 1, 1999 entered into among the Port Authority, the Lessee, the NJEDA and the trustee named therein (The Chase Bank of Texas, National Association) covering the Port Authority's consent to the document titled "Lease Agreement (Concourse C-1, C-2 and A-2)" which provided for such vesting of title in the NJEDA and for such subleasing by NJEDA to the Lessee; and that the C-1C-2 New Loading Bridges shall remain the property of the Lessee or of the NJEDA, as aforesaid, subject to the Lease including without limitation Sections 34 and 74 thereof.

(b) By the execution of this Supplemental Agreement title to the 2001 Removed Loading Bridges shall be deemed vested in the Lessee, and the Lessee shall, as part of the work under the Alteration Applications, remove, transport and dispose of the 2001 Removed Loading Bridges at the Lessee's sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Alteration Applications. The Lessee shall install the C-1C-2 New Loading Bridges, and perform all associated and related work, at the C-1C-2 Gate Positions listed in the foregoing List immediately upon the Lessee's removal from the premises of the 2001 Removed Loading Bridges, and shall perform such installation at its sole cost and expense and in accordance with the terms of the Lease, including without limitation all applicable Environmental Requirements (as defined in the Lease) and the Altera tion Applications. The Port Authority shall not be responsible for any costs or expenses of any type whatsoever for or in connection with the said transfer of title or removal, transport or disposal of the 2001 Removed Loading Bridges or the said installation of the C-1C-2 New Loading Bridges.

It is specifically understood and agreed that none of the costs and expenses of the foregoing shall be or become part of the cost of the construction work (as defined in Section 6 of the Lease) or part of the Construction Advance Amount (as defined in Section 6 of the Lease). It is further expressly understood and agreed that the transfer of title to the Lessee and removal, transporting and disposal of the 2001 Removed Loading Bridges by the Lessee shall not result in any recomputation, adjustment or reduction of any construction advance, or the Construction Advance Amount or the Base Annual Rental or any component thereof, and shall not create or entitle the Lessee to any abatement, adjustment or reduction of any rentals or charges under the Lease, and shall not create or entitle the Lessee to any other claim against the Port Authority whether under this Lease or otherwise.

(c) It is expressly understood and agreed that, from and after the Effective Date of this Supplement No. 18 to the Lease, all references to the 42 passenger loading bridges in the Lease shall be deemed to mean the 42 passenger loading bridges as reduced in number and modified pursuant to the provisions of Paragraph 4 of Supplement No. 7 to the Lease, Paragraph No. 9 of Supplement No. 8 to the Lease, Paragraph 4 of Supplement No. 12 to the Lease and as reduced by the removal of the twelve (12) 2001Removed Loading Bridges pursuant to the provisions of this Paragraph 1 of this Supplement No. 18.

(d) The Port Authority makes no representations, warranties or guarantees as to 2001Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall and hereby takes title to and accepts the 2001Removed Loading Bridges in their "as is" condition and title thereto shall be deemed to pass to the Lessee upon the Lessee's removal thereof from the premises in accordance with the terms of this Supplement No. 18 including but not limited to the requirement for the installation by the Lessee of the C-1C-2 New Loading Bridges at the designated C-1C-2 Gate Positions listed above; and the Lessee expressly accepts, acknowledges and agrees that the Port Authority makes no representations, warranties or guarantees as to the 2001Removed Loading Bridges or any of them or any aspect or component thereof. The Lessee shall be responsible for and pay all costs and expenses , including without limitation, any and all sal es or other taxes, of or pertaining to the transfer of title to the 2001Removed Loading Bridges and the transporting, storage and disposal thereof.

2. Section 34 of the Lease entitled "Personal Property", as previously amended, is hereby further amended as follows: The first line of paragraph (a) thereof (as amended by and set forth in Supplement No. 17 of the Lease) shall be deemed amended to read as follows:

> "All personal property (including trade fixtures and the C-1C-2 New Loading Bridges, as defined in Supplement No. 18 of the Lease, but specifically excluding the Schedule 1 Terminal Fixtures, and excluding Port Authority owned loading bridges and other Port Authority owned property as mentioned below) removable".

3. Section 74 of the Lease entitled "Purchase of Property", as previously amended, is hereby further amended as follows: The sixth (6^{th}) line thereof shall be deemed amended to read as follows:

> "C-1C-2New Loading Bridges (as defined in Supplement No. 18 of the Lease) flight information display system".

4. Correction of errata in Supplement No. 17: Subparagraph (a) (1) of Paragraph 47 of Supplement No. 17 of the Lease (which contains amendments to Subdivision II of Section 85 of the Lease) are hereby corrected to read as follows:

Paragraph (a) and the first two lines of paragraph (b) of said Subdivision II of Section 85 including the designation thereof as '(b)' shall be deemed deleted therefrom and the following shall be deemed inserted immediately preceding subparagraph (i) thereof:

"The 'Assumable Maintenance and Repair Effective Date' shall be the date, from time to time, determined as follows:".

5. Each party represents and warrants to the other that no broker has been concerned in the negotiation of this Eighteenth Supplemental Agreement and that there is no broker who is or may be entitled to be paid a commission in connection therewith. Each party shall indemnify and save harmless the other party of and from any and all claims for commissions or brokerage made by any and all persons, firms or corporations whatsoever for services provided to or on behalf of the indemnifying party in connection with the negotiation and execution of this Eighteenth Supplemental Agreement.

6. No Commissioner, director, officer, agent or employee of any party to this Eighteenth Supplemental Agreement shall be charged personally or held contractually liable by or to any other party under any term or provision of this Eighteenth Supplemental Agreement or of any supplement, modification or amendment to the Lease or because of its or their execution or attempted execution or because of any breach or alleged or attempted breach thereof.

7. As hereby amended, all of the terms, covenants, provisions, conditions and agreements of the Lease shall be and remain in full force and effect.

8. This Eighteenth Supplemental Agreement and the Lease which it amends constitute the entire agreement between the Port Authority and the Lessee on the subject matter, and may not be changed, modified, discharged or extended except by instrument in writing duly executed on behalf of both the Port Authority and the Lessee. The Lessee and the Port Authority agree that no representations or warranties shall be binding upon the other unless expressed in writing in the Lease or in this Eighteenth Supplemental Agreement.

IN WITNESS WHEREOF, the Port Authority and the Lessee have executed these presents as of the date first above written.

ATTEST: THE PORT AUTHORITY OF NEW YORK

AND NEW JERSEY

By

Secretary

(Title)

Seal

ATTEST: CONTINENTAL AIRLINES, INC.

By

Secretary

(Title) President

(Corporate Seal)

Ack. N.J.; Corp. & Corp.

STATE OF NEW YORK)

) ss.

COUNTY OF NEW YORK)

On the 12th day of February, 2003, before me, the subscriber, a notary public of New York, personally appeared Francis A. Dimola the Assistant Director, Aviation Dept. of THE PORT AUTHORITY OF NEW YORK AND NEW JERSEY, who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and the within instrument is the voluntary act and deed of such corporation made by virtue of the authority of its Board of Commissioners.

_____

(notarial seal and stamp)

STATE OF TEXAS)

) ss.

COUNTY OF HARRIS)

On the 16th day of January, 2003, before me, the subscriber, a Notary Public, personally appeared Holden Shannon the V.P. President of Corporate Real Estate, CONTINENTAL AIRLINES, INC., who I am satisfied is the person who has signed the within instrument; and, I having first made known to him the contents thereof, he did acknowledge that he signed, sealed with the corporate seal and delivered the same as such officer aforesaid and the within instrument is the voluntary act and deed of such corporation made by virtue of the authority of its Board of Directors.

_____

(notarial seal and stamp)

CERTIFICATE OF OWNERSHIP TRANSFER

(BILL OF SALE)

KNOW ALL MEN BY THESE PRESENTS that FMC Corporation - Jetway Systems ("Jetway") located at 1805 W. 2550 S. Ogden, Utah, in consideration of payment by the Continental Airlines Newark Int'l Airport thereto and upon receipt of the full payment for equipment listed below does hereby grant, bargain, sell, transfer and deliver unto the Continental Airlines Newark Int'l Airport the following goods:

DESCRIPTION SERIAL NO. MODEL
Passenger Boarding Bridge 0G39451 A3 60/119 125R
Passenger Boarding Bridge 0G39452 A3 60/119 125R
Passenger Boarding Bridge 0G39453 A3 60/119 125R
Passenger Boarding Bridge 0G39454 A3 60/119 125R
Jetpower 400 H2 0G42584 90 KvA
Jetpower 400 H2 0G42585 90 KvA

TO HAVE AND TO HOLD, all of the goods to Continental Airlines/Newark Int'l Airport and its successors and assigns for its use forever.

Jetway Systems covenants with the Continental Airlines, Newark Int'l Airport that it is the lawful owner of the goods; that the goods are free from all encumbrances; that Jetway Systems has good right to sell the goods; and that Jetway Systems warrants that it will defend the goods against all lawful claims and demands of all persons whomsoever. Jetway Systems will deliver the goods to the Continental Airlines, Newark Int'l Airport in coordination with the schedule for the Continental Airlines, Newark Int'l Airport Corporation construction Project.

Dated this 16th day of March, 2001.

FMC Corporation - Jetway Systems

By: _____

James R. Yeckley

Its: Director, Contracts

STATE OF UTAH)

) SS.

COUNTY OF WEBER)

The foregoing instrument was acknowledged before me this 16th day of March 2001 by James A. Yeckley, who executed the foregoing instrument.

NOTARY PUBLIC _____ MY COMMISSION EXPIRES _____

EXHIBIT 10.6

Supplemental Agreement No. 28

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
April 1, 2003, 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 **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

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

NOW THEREFORE, in consideration of the mutual covenants herein contained, the parties agree to amend the 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. 28.

1.2 Remove and replace, in its entirety, page T-2-2 of Table 1 entitled, "Aircraft Deliveries and Descriptions, Model 737-700 Aircraft", with revised page T-2-2 Table 1, attached hereto, to reflect **[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-3-3 and page T-3-4 of Table 1 entitled, "Aircraft Deliveries and Descriptions, Model 737-800 Aircraft", with revised page T-3-3 and page T-3-4 of Table 1, attached hereto, to reflect **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

2. Letter Agreements:

2.1 Remove and replace, in its entirety, Letter Agreement 1951-9R13, "Option Aircraft - Model 737-724 Aircraft", with the revised Letter Agreement 1951-9R14 attached hereto, to reflect **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].**

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

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

THE BOEING COMPANY Continental Airlines, Inc.

By: /S/ Michael S. Anderson By: /S/ Gerald Laderman

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

Finance and Treasurer

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RESTRICTED LETTER AGREEMENTS

FILED SEPARATELY WITH THE SECURITIES

AND EXCHANGE COMMISSION PURSUANT TO

A REQUEST FOR CONFIDENTIAL TREATMENT]

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SUPPLEMENTAL AGREEMENTS DATED AS OF:

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Table 1 to Purchase Agreement 1951

Aircraft Deliveries and Descriptions

Model 737-800 Aircraft

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

1951-9R14

April 1, 2003

Continental Airlines, Inc.

1600 Smith Street

Houston, Texas 77002

Subject: Letter Agreement No. 1951-9R14 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 1951-9R13 dated November 6, 2002.

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]**.

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

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/Michael S. Anderson

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: 4/1 , 2003

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 Revision A, 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 a Supplemental Agreement for the Option Aircraft.

(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 Airplane 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 Supplemental Agreement for the Option Aircraft.

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 Supplemental Agreement for the Option Aircraft **[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.

2.1.4 Price Adjustments for Changes. Boeing may adjust the Aircraft 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 Supplemental Agreement for the Option Aircraft.

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 If Buyer exercises its right under this letter agreement to acquire an Option Aircraft, Buyer shall pay to Boeing advance payments for such Option Aircraft pursuant to the schedule for payment of advance payments provided in the Agreement.

AMENDMENT No. 28 TO PURCHASE AGREEMENT GPJ-003/96

This Amendment No. 28 ("Amendment 28") dated as of February 10, 2003 is between EMBRAER - Empresa Brasileira de Aeronautica S.A. ("EMBRAER") and ExpressJet Airlines, Inc., formerly known as Continental Express, Inc. ("BUYER"), collectively hereinafter referred to as the "PARTIES", and relates to Purchase Agreement No. GPJ-003/96 between EMBRAER and BUYER, as amended from time to time, together with its Attachments, (collectively referred to as the "BASE Agreement") and Letter Agreements GPJ-004/96 dated August 5, 1996 and PCJ-004A/96 dated August 31, 1996 between EMBRAER and BUYER as amended from time to time (together with the BASE Agreement, collectively referred to herein as the "Purchase Agreement") for the purchase of up to two hundred and forty five (245) new EMB-145 aircraft.

This Amendment 28 sets forth the further agreement between EMBRAER and BUYER relative to, among other things, certain changes requested by BUYER in the Aircraft configuration described in Attachment "A" of the Purchase Agreement and the incorporation of **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** pursuant to Article 11 of the Purchase Agreement. All terms defined in the Purchase Agreement shall have the same meaning when used herein and in case of any conflict between this Amendment 28 and the Purchase Agreement, this Amendment 28 shall control.

NOW, THEREFORE, for good and valuable consideration, which is hereby acknowledged, EMBRAER and BUYER hereby agree as follows:

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

   Each of the newly manufactured EMB 145 XR AIRCRAFT from the twenty eighth (28th) through the one hundred and fourth (104th) shall be delivered with a **[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]**

   Each of the newly manufactured EMB 145 XR AIRCRAFT from the fourty seventh (47th) through the one hundred and fourth (104th) shall be delivered with the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**. The **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** shall be supplied by Buyer as Buyer Furnished Equipment ("BFE"). **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

   For each affected Aircraft Buyer shall deliver the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** to Embraer at EMBRAER's facilities in São José dos Campos, São Paulo, Brazil ("BFE Delivery Location"), free of any charge to Embraer whatsoever, at least **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** days before the Contractual Delivery Date of each Aircraft.

   Buyer shall not refuse acceptance of any Aircraft for failure of the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** to be installed if Embraer is unable to install the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** in the Aircraft prior to the Contractual Inspection Date due to: (i) the **[CONFIDENTIAL MATERIAL OMITTED AND FILED**

SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] is not received at the BFE Delivery Location at least **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURS UANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** days before the Contractual Delivery Date; or (ii) although received by Embraer at least **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** days prior to the Contractual Delivery Date, the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** is rejected by Embraer's Quality Control Department, in its sole discretion, and a **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** therefore is not received at the BFE Delivery Location within **[CONFIDE NTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** days before the Contractual Delivery Date.

In such cases, Buyer shall accept the Aircraft without the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**. At Buyer's request, Embraer shall install the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** within a reasonable period of time on its own premises in Sao Jose dos Campos, otherwise, Buyer shall be responsible for installation of the **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**.

3. AIRCRAFT BASIC PRICE

As a result of these changes in the AIRCRAFT configuration and in the AIRCRAFT BASIC PRICES specified in this Amendment 28, the AIRCRAFT BASIC PRICE will be:

AIRCRAFT	BASIC PRICE (JAN/1996 US Dollars)
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]	

All other terms and conditions of the EMB-145 Purchase Agreement, which are not specifically amended by this Amendment 28, shall remain in full force and effect without any change.

[Intentionally left blank]

IN WITNESS WHEREOF, EMBRAER and BUYER, by their duly authorized officers, have entered into and executed this Amendment 28 to the Purchase Agreement to be effective as of the date first written above.

EMBRAER - Empresa Brasileira de Aeronautica S.A.

By : /S/ Satoshi Yokota

Name : Satoshi Yokota

Title : Executive Vice-President Industrial

By : /S/ Flavio Ríímoli

Name : Flavio Ríímoli

Title : Director of Contracts

Date: February 25, 2003

Place: Sao Jose Dos Campos, S.P.

Witness: /S/ Fernando Bueno

Name: Fernando Bueno

EXPRESSJET AIRLINES, INC.

By : /S/ Frederick Cromer

Name : Frederick Cromer

Title : Vice President & Chief Financial Officer

Date: February 20, 2003

Place: Houston, Texas USA

Witness:/S/ Pam Baley

Name: Pam Baley

AMENDMENT No. 29 TO PURCHASE AGREEMENT No. GPJ-003/96

This Amendment No. 29 ("Amendment 29") dated as of February 26, 2003 is between EMBRAER - Empresa Brasileira de Aeronautica S.A. ("EMBRAER") and ExpressJet Airlines, Inc. (formerly known as Continental Express, Inc.) ("BUYER"), collectively hereinafter referred to as the "PARTIES", and relates to Purchase Agreement No. GPJ-003/96, as amended from time to time together with its Attachments (collectively referred to as the "Base Agreement") and Letter Agreements GPJ-004/96 dated August 5, 1996 and PCJ-004A/96 dated August 31, 1996 between EMBRAER and BUYER as amended from time to time (together with the Base Agreement, collectively referred to herein as the "Purchase Agreement" or the "Agreement") for the purchase of up to two hundred and forty five (245) new EMB-145 aircraft (the "AIRCRAFT").

All terms defined in the Purchase Agreement shall have the same meaning when used herein, and in case of any conflict between this Amendment 29 and the Purchase Agreement, this Amendment shall control.

WHEREAS, BUYER and EMBRAER wish to amend the Purchase Agreement to (a) reduce the number of XR AIRCRAFT delivered thereunder during 2003 from forty-eight (48) XR AIRCRAFT to thirty-six (36) XR AIRCRAFT, (b) reduce the number of XR AIRCRAFT delivered thereunder during 2004 from thirty-six (36) XR AIRCRAFT to twenty-one (21) XR AIRCRAFT, (c) reschedule the remaining Firm XR AIRCRAFT to be delivered during 2005 and 2006 and (d) reschedule the delivery months for Reconfirmation AIRCRAFT, all as more fully set forth below;

NOW, THEREFORE, for good and valuable consideration the sufficiency of which is acknowledged by the PARTIES, EMBRAER and BUYER hereby agree to amend the Purchase Agreement as follows:

1. Amendment to Delivery Schedule. The text of paragraphs a.4, a.5, a.6 and a.7 of Article 5 of the Purchase Agreement is hereby deleted and replaced with the following:

"a.4. 2003 XR AIRCRAFT Deliveries

XR Aircraft #	**XR Aircraft Contractual Delivery Dates**	**XR Aircraft #**	**XR Aircraft Contractual Delivery Dates**
19	January 2003	*	*
20	January 2003	*	*
21	January 2003	*	*
22	January 2003	*	*
23	February 2003	*	*
24	February 2003	*	*
25	February 2003	*	*
26	February 2003	*	*

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

To the extent that the specific LR AIRCRAFT Contractual Delivery Dates are not identified in Articles 5.a.1 and 5.a.2 and the specific XR AIRCRAFT Contractual Delivery Dates are not identified in Articles 5.a.3, 5.a.4, 5.a.5, 5.a.6 and 5.a.7, EMBRAER will give BUYER notice ("Final Delivery Notice") of the date on which EMBRAER considers that each such AIRCRAFT will be ready for inspection and such date shall be no fewer than **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]** (the "Inspection Date"). The Final Delivery Notice will be provided to BUYER by EMBRAER no later than **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**.

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

2. Effect of Rescheduling on AIRCRAFT BASIC PRICE. The rescheduling of the delivery months **[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]**

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

4. General. All other terms and conditions of the Purchase Agreement, which are not specifically amended by this Amendment, shall remain in full force and effect without any change.

[Intentionally left blank]

IN WITNESS WHEREOF, EMBRAER and BUYER, by their duly authorized officers, have entered into and executed this Amendment No. 29 to the Purchase Agreement to be effective as of the date first written above.

EMBRAER - Empresa Brasileira EXPRESSJET AIRLINES, INC.

de Aeronautica S.A.

By : /S/ Satoshi Yokota By : /S/ Frederick Cromer

Name : Satoshi Yokota Name : Frederick Cromer

Title : Executive Vice-President Industrial Title : Vice President & Chief

Financial Officer

By : /S/ Flavio Ríimoli

Name : Flavio Ríimoli

Title : Director of Contracts

Date: February 26, 2003 Date: February 26, 2003

Place: Sao Jose Dos Campos, S.P. Place: Houston, Texas

Witness: /S/ Fernando Bueno Witness:/S/ Pam Baley

Name: Fernando Bueno Name: Pam Baley

EXHIBIT 99.1

Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of The Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of Continental Airlines, Inc., a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the quarter ended March 31, 2003 (the "Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906 has been provided to Continental Airlines, Inc. and will be retained by Continental Airlines, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Dated: April 16, 2003

/s/ Gordon M. Bethune

Gordon M. Bethune

Chairman of the Board and

Chief Executive Officer

/s/ Jeffrey J. Misner

Jeffrey J. Misner

Senior Vice President and

Chief Financial Officer