

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1994

OR

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

CONTINENTAL AIRLINES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporations)

0-9781 74-2099724
(Commission File Number) (IRS Employer Identification No.)

2929 Allen Parkway, Houston, Texas 77019
(Address of principal executive office) (Zip Code)

Registrant's telephone number, including area code: 713-834-5000

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, par value \$.01 per share	New York Stock Exchange, Inc.
Class B Common Stock, par value \$.01 per share	New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark whether registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act
of 1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to
such filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to
Item 405 of Regulation S-K is not contained herein, and will not be
contained, to the best of registrant's knowledge, in definitive proxy or
information statements incorporated by reference in Part III of this Form
10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates
of the registrant was \$188.8 million as of March 31, 1995.

Indicate by check mark whether the registrant has filed all documents
and reports required to be filed by Section 12, 13 or 15(d) of the
Securities Exchange Act of 1934 subsequent to the distribution of
securities under a plan confirmed by a court. Yes No

As of March 31, 1995, 6,301,056 shares of Class A Common Stock and
20,521,581 shares of Class B Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Proxy Statement for Annual Meeting
of Stockholders to be held on June 5, 1995: PART III

PART I

ITEM 1. BUSINESS.

Continental Airlines, Inc. (the "Company", the "Reorganized Company" or
"Continental") is a United States air carrier engaged in the business of
transporting passengers, cargo and mail. Continental is the fifth largest
United States airline as measured by 1994 revenue passenger miles and,
together with its wholly owned subsidiary, Continental Express, Inc.
("Express"), and its 91.0%-owned subsidiary, Continental Micronesia, Inc.
("CMI"), serves more than 160 airports worldwide. Internationally,
Continental flies to 54 destinations and offers additional connecting

service through alliances with foreign carriers. Continental is one of the leading airlines providing service to Mexico and Central America, serving more destinations there than any other United States airline. Through CMI, the Company provides extensive service in the western Pacific. The Company's wholly owned subsidiary, System One Information Management, Inc. ("System One"), operates a travel agency computerized reservation system, principally in the United States. See Item 1. "Business. System One".

As used in this Form 10-K, the terms "Continental" and "Company" refer to Continental Airlines, Inc. (or, as required by the context, its predecessor) and, unless the context indicates otherwise, its subsidiaries.

Chapter 11 Reorganization

The Company reorganized under Chapter 11 of the federal bankruptcy code effective April 27, 1993 (the "Reorganization"), after having filed for protection on December 3, 1990. Continental's filing for reorganization was necessitated primarily by declines in revenue resulting from a recessionary environment, extreme price competition and significantly increased fuel prices resulting from the Persian Gulf War.

Pursuant to the Reorganization, Continental Airlines Holdings, Inc. (together with its subsidiaries, "Holdings" or the "Predecessor Company"), which had been the Company's parent, merged into the Company. The previously outstanding publicly held equity interests in Holdings were cancelled and new stock in the Company was issued. Also pursuant to the Reorganization, a majority of the Company's equity was issued to Air Partners, L.P. ("AP") and Air Canada ("AC"), in exchange for their investments in the Company. Additional shares of common stock were issued to the Company's retirement plan, and a fixed number of shares of common stock was issued to or for the benefit of prepetition creditors. See Item 3. "Legal Proceedings. Plan of Reorganization".

During the Chapter 11 case, Continental (i) restructured substantial amounts of secured aircraft debt and aircraft lease obligations, significantly reducing its annual payments of principal, interest and rent, (ii) retired 42 older jet aircraft and (iii) accelerated the scheduled retirement during 1993, 1994 and 1995 of 52 additional older, Stage II (noise level) aircraft. Also, the Company resolved (largely on a non-cash basis) significant claims and contingencies affecting the Company. Such claims and contingencies included the Company's liability to the Pension Benefit Guaranty Corporation (the "PBGC") related to pension plans previously maintained by Eastern Air Lines, Inc. ("Eastern") (the "PBGC Settlement") and the Company's potential liability to Eastern (or its creditors) as a result of certain transactions entered into with Eastern prior to 1989. Certain parties have appealed the disposition of their claims in the Reorganization. See Item 3. "Legal Proceedings". Pursuant to the Reorganization, a substantial amount of unsecured prepetition liabilities was converted to equity, and additional secured and priority debt was restructured to extend payment dates and/or reduce the interest charge.

Pursuant to the Reorganization, System One, which had been a subsidiary of Holdings, was restructured as a wholly owned subsidiary of Continental, two separate commuter airline subsidiaries were restructured as Express and Continental's western Pacific operations were restructured by establishing CMI.

Domestic Operations

Continental operates its domestic route system primarily through three hubs in Newark, Houston and Cleveland. Continental's hub system allows the Company to transport passengers between a large number of destinations with substantially more frequent service than if each route were served directly. The hub system also allows Continental to add service to a new destination from a large number of cities using only one or a limited number of aircraft.

Newark. As of March 31, 1995, Continental operated 55.8% (181 departures) of the total daily jet departures and, together with Express, accounted for 57.0% (277 departures) of all daily (jet and turboprop) departures from Newark. Considering the three major airports serving New York City (Newark, LaGuardia and John F. Kennedy), Continental and Express accounted for approximately 22.6% of all daily departures, while the next largest carrier, USAir, Inc. ("USAir"), and its commuter affiliate accounted for approximately 17.4% of all daily departures as of March 31, 1995.

Houston. As of March 31, 1995, Continental operated 77.9% (255 departures) of the daily jet departures and, together with Express, accounted for 79.2% (352 departures) of all daily departures from Houston's Intercontinental Airport. Southwest Airlines Co. ("Southwest") also has a significant share of the Houston market, primarily through Hobby Airport. Considering both Intercontinental and Hobby Airports, as of March 31, 1995, Continental operated 58.2% and Southwest operated 21.6% of the daily jet departures from Houston.

Cleveland. As of March 31, 1995, Continental operated 54.8% (105 departures) of all daily jet departures and, together with Express, accounted for 60.3% (169 departures) of all daily departures from

Cleveland's Hopkins Airport ("Hopkins"). The next largest carrier, USAir, and its commuter affiliate accounted for 9.3% of all daily departures from Hopkins as of March 31, 1995.

Denver. During 1994, the Company significantly reduced operations in Denver, resulting in the conversion of Denver from a hub to a spoke city. In August 1993, prior to management's decision to reduce operations in Denver, Continental operated 165 daily jet departures and 110 daily turboprop departures from Denver. As of March 31, 1995, Continental operated only 19 daily jet departures and had terminated all turboprop operations at Denver. Turboprop service is provided to a number of smaller regional cities by an unaffiliated third party, G.P. Express Airlines, Inc. ("GP Express"), under a code-share agreement. As a result of this reduction of operations in Denver, aircraft were redeployed to other hubs and to non-hub flying. See Item 3. "Legal Proceedings. Denver International Airport" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Greensboro. As of March 31, 1995, Continental operated 56.3% (57 departures) of all daily jet departures and, together with Express and GP Express, accounted for 60.8% (90 departures) of all daily departures from Greensboro's Piedmont Triad International Airport ("Piedmont"). Turboprop service is provided to a number of smaller regional cities by GP Express under a code-share agreement. The next largest carrier, USAir, and its commuter affiliate accounted for 21.8% (34 departures) of all daily departures from Piedmont as of March 31, 1995.

Continental Lite. In 1994, Continental rapidly expanded "Continental Lite" (a network of short-haul, no-frills, low-fare flights initially referred to as Peanuts Flights) from 173 daily flights and 19 aircraft serving 14 cities in November 1993 to 1,000 daily flights and 114 aircraft serving 43 cities in September 1994. The rapid growth of Continental Lite was supplied by redeploying a substantial portion of Continental's capacity, including aircraft made available by elimination of the Denver hub and by deliveries of new aircraft under the Company's agreement with The Boeing Company ("Boeing"). Continental Lite experienced operational problems in connection with this rapid growth and was not profitable in 1994. At its peak, approximately 35% of Continental Lite flying consisted of point-to-point, linear service not integrated with the Company's hubs ("linear flying"). Linear flying proved to be significantly unprofitable and was responsible for an estimated 70% of all Continental Lite system losses in 1994. In 1995, the Company is substantially reducing its Continental Lite operation. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

America West Airlines, Inc. ("America West"). As a limited partner in AmWest Partners, L.P. ("AmWest"), Continental participated in the acquisition by AmWest of a portion of the equity of reorganized America West in connection with America West's emergence from bankruptcy, effective August 25, 1994. In the transaction, Continental paid \$18.8 million for approximately 4.1% of the equity interest and 17.1% of the voting power of the reorganized America West. Continental also entered into a series of agreements with America West, including agreements related to code-sharing and ground handling, which have created substantial benefits for both airlines.

Each investor participating in the acquisition did so on individual terms; Continental and certain other parties invested at the same per share price, but at a higher price (approximately \$9.36 per share as compared to approximately \$7.01 per share) than the price paid by Air Partners, II, L.P., TPG Partners, L.P. and TPG Parallel I, L.P. (collectively, the "TPG entities"), partnerships controlled by Mr. David Bonderman, Chairman of the Board of Continental. However, as between Continental and the TPG entities, Continental is entitled to receive a 10.0% per year return on its investment before the TPG entities receive any return and to recoup its invested capital before the TPG entities recoup their capital.

International Operations and Foreign Carrier Alliances

International Operations. Continental has extensive operations in the western Pacific conducted by CMI, and has expanded its presence in Mexico and Central and South America. As measured by available seat miles, as of March 31, 1995, approximately 25.5% of Continental's operations (including CMI) were dedicated to international traffic. As of March 31, 1995, Continental operated seven departures a day to five cities in Europe, with connecting service to additional cities through alliances with foreign carriers.

Foreign Carrier Alliances. Over the last decade, major United States airlines have developed and expanded alliances with foreign air carriers, generally involving adjacent terminal operations, coordinated flights and joint marketing. Continental currently has alliances with AC, Scandinavian Airlines System ("SAS"), Transavia Airlines ("Transavia") and Alitalia Airlines ("Alitalia") which management believes are important to Continental's ability to compete as an international airline. In April 1994, Continental entered into a strategic alliance with Alitalia pursuant to a memorandum of understanding, which provided for a code-share agreement and a framework for jointly developing new and competitive services between the United States and Italy. In addition, Continental and Alitalia entered

into a wet lease agreement in May 1994 providing for the sharing of revenues and expenses associated with such new services. Implementation of the new alliance began on July 1, 1994, with the commencement of new service between Newark and Rome. The code-share agreement was given final approval by both the United States and Italian governments in October 1994. New service between Newark/Milan and Mexico City/Houston/Rome is planned to begin in mid 1995.

Continental Micronesia, Inc.

Continental has historically had a strong presence in the western Pacific, based in part on operations conducted since 1976 under the name "Continental/Air Micronesia". CMI's operations include a hub operation based on the neighboring islands of Guam and Saipan. The Guam/Saipan hub provides scheduled service to seven Japanese cities (more Japanese destinations than any other United States carrier), Hong Kong, South Korea, Taiwan, Indonesia, the Philippines and ten islands in the western Pacific. Effective April 15, 1995, CMI is adding service to Sydney, Australia. In 1995, CMI also plans to add service to Cebu, Philippines, subject to certain regulatory matters.

Pursuant to the Reorganization, Continental restructured its western Pacific operations by establishing CMI. Continental provides CMI with pilots, aircraft and other essential services at a price intended to approximate Continental's cost of providing the service. CMI is separately certificated as an airline by the United States Department of Transportation (the "DOT"), and holds an operating license issued by the United States Federal Aviation Administration (the "FAA") and foreign route authority issued by the DOT.

The 9.0% minority interest in CMI is owned by United Micronesia Development Association, Inc. ("UMDA"), a private company. Under agreements entered into in connection with the Reorganization, UMDA would have the right to increase its ownership in CMI to just over 20% in the event any participating employer in the Company's pension plans failed to make, or Continental failed to adequately provide for, certain pension plan payments. CMI also pays UMDA a fee of approximately one percent of CMI's gross revenues, as defined, which will continue until January 1, 2012. Prior to the establishment of CMI, Continental had conducted the western Pacific operations itself under the name Continental/Air Micronesia and had paid UMDA the one percent fee.

CMI's operations in the western Pacific have consistently provided greater operating profit margins than Continental's overall operations. Any significant and sustained decrease in traffic to and from Guam and Saipan could materially adversely affect the Company. Because the majority of CMI's traffic originates in Japan, its results of operations are substantially affected by the Japanese economy and are impacted by changes in the value of the yen as compared to the dollar. During 1993 and 1994, the yen generally appreciated against the dollar, resulting in an increase in CMI's profitability, revenues and, to a lesser extent, expenses.

Continental Express

Continental's jet service at each of its domestic hub cities and at Greensboro is coordinated with Express, which operates under the name "Continental Express". Express operates advanced new-generation turboprop aircraft that average approximately five years of age and seat from 30 to 60 passengers. As of March 31, 1995, Express served 23 destinations from Houston, 17 from Newark, 16 from Cleveland and 2 from Greensboro. In general, Express flights are less than 200 miles in length and less than 90 minutes in duration. Management believes the turboprop operations complement Continental's jet operations by allowing more frequent service to small cities than could be provided economically with jets and by carrying traffic that connects onto Continental's jets. In many cases, Express (and Continental) compete for such connecting traffic with commuter airlines owned by or affiliated with other major airlines operating out of the same or other cities.

In May 1994, Express terminated substantially all of its unprofitable Denver operations, which were taken over by GP Express, an unaffiliated commuter airline operator. Express has implemented cost-reduction programs, including substantial workforce reductions. In 1994, Continental announced it was considering a possible private placement by Express of less than 20% of the common stock of Express as well as a possible future distribution by Continental to its stockholders of all or part of the stock of Express held by Continental. Continental has currently postponed pursuing these transactions.

Business Strategy

Continental has developed a new strategic program, the Go Forward Plan, designed to strengthen the Company's domestic hub operations, increase revenues and cash flows, improve profitability by shrinking excess capacity, and enhance customer service. Since the Reorganization, Continental has not been profitable. In late 1993 and throughout 1994, the Company significantly reduced its presence in Denver, which had historically been unprofitable for the Company, and redeployed aircraft and other resources to the eastern United States in connection with the

expansion of Continental Lite. Demand for Continental Lite, particularly in linear markets, proved insufficient to absorb the Company's excess capacity, and Continental Lite was not profitable in 1994. Overcapacity worsened in the latter half of 1994 as Continental's fleet expanded due to deliveries of new jet aircraft.

During the fourth quarter of 1994, the Company determined that a new strategic plan was needed to return the Company to profitability and strengthen its balance sheet. The Go Forward Plan has four key strategic components: Fly to Win, Fund the Future, Make Reliability a Reality and Working Together.

Fly to Win. Continental intends to maximize efficiencies and revenues by:

- - - Strengthening its domestic hub operations by adjusting frequencies and improving schedules.
- - - Pricing fares commensurate with market demand and elasticity.
- - - Reducing Continental Lite flying by approximately one-third, primarily in linear markets which, at Continental Lite's peak capacity in 1994, represented approximately 35% of the Continental Lite system but accounted for an estimated 70% of Continental Lite's 1994 losses.
- - - Downgauging aircraft and reducing overall capacity by removing from service 24 less-efficient widebody aircraft and accelerating the retirement of 23 older Stage II narrowbody aircraft during 1995.
- - - Modernizing its domestic fleet by placing in service 27 new, more efficient aircraft in 1995.
- - - Improving customer service by returning Continental's frequent flyer program ("OnePass") to its 1993 terms.
- - - Reducing staff (at all levels) by approximately 4,000 positions to match the reduction in capacity and to eliminate non-value added activities.

Fund the Future. The Company is taking steps to improve liquidity and, in the long term, de-leverage the balance sheet by:

- - - Adjusting Continental's fleet plan by deferring certain aircraft deliveries, canceling options on aircraft deliveries and removing 24 widebody aircraft and 30 narrowbody aircraft (23 of which are being retired on an accelerated schedule) from service in 1995.
- - - Negotiating amendments to certain debt and lease agreements to reduce cash requirements in 1995 and 1996.
- - - Evaluating the potential disposition of certain non-strategic assets.

See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations. Liquidity and Capital Commitments".

Make Reliability a Reality. Continental has placed renewed emphasis on reliability and has named two executives to improve its on-time performance, baggage handling and customer satisfaction. Employees will have the opportunity to earn extra pay each month that the Company meets certain on-time performance targets as measured by the DOT. In order to enhance consumer perception of Continental's reliability, consistency and quality, the Company is completing the refurbishment of its terminal spaces and fleet interiors and exteriors during the first half of 1995. In addition, the Company is installing new passenger in-flight telecommunications and computer facilities on all jet aircraft and expects that installation will be substantially completed by the end of 1995.

Working Together. Senior management has instituted a new open-door policy with its employees designed to improve the working environment and encourage all employees to work together as a team to improve operational performance and customer service. In support of the new policy, senior management has hosted hundreds of employees for informal get-togethers and discussion sessions in the executive offices, and more of these sessions are scheduled. In addition, the Company has hired new senior executives with successful records at profitable companies in the areas of pricing, scheduling, distribution, human resources, airport services, law and finance.

Continental's alliance with America West is producing further efficiencies for the two carriers. Task forces have been established to coordinate and optimize benefits in the areas of code-sharing, frequent flyer programs, maintenance procurement, station operations and information systems.

Employees

Labor costs are a significant variable that can substantially impact airline results. For the year 1994, labor costs constituted approximately 27.0% of total operating expenses. While there can be no assurance that Continental's generally good labor relations and high labor productivity experienced in the past five years will continue, Continental's management has established as a significant component of the Go Forward Plan the

preservation of good employee relations.

As of December 31, 1994, Continental had approximately 37,800 full-time equivalent employees (including approximately 4,800 pilots, 6,400 flight attendants, 4,900 mechanics, 100 dispatchers, 17,300 customer service agents, reservations agents, ramp and other airport personnel and 4,300 management and clerical employees), approximately 29.8% of whom were represented by unions.

The Company and the Independent Association of Continental Pilots ("IACP") are negotiating an initial collective bargaining agreement for the pilots. Negotiations have progressed to mediated collective bargaining with the National Mediation Board ("NMB") - a normal and usual part of the airline labor negotiation process. The Company is hopeful that a mutually acceptable agreement can be reached without adverse employee work actions; however, the ultimate outcome of the Company's negotiations with the IACP is unknown at this time.

In 1992, Continental and its flight attendants entered into a collective bargaining agreement with the International Association of Machinists and Aerospace Workers ("IAM") that has been ratified by the Continental flight attendants and becomes amendable in 1996. In 1993, the NMB ruled that the Express flight attendants are also represented by the IAM. Negotiations between Continental and the IAM have commenced, but the parties have not yet reached an agreement. The Company is hopeful that the parties can reach an agreement without adverse employee work actions; however, the ultimate outcome is unknown at this time. CMI's flight attendants are also represented by the IAM, but are covered under a separate four-year contract that was signed in September 1992 and becomes amendable in September 1996.

Continental's dispatchers are represented by the Transport Workers Union which also represents the dispatchers of Express. CMI's dispatchers are not represented by a union.

CMI's mechanics and mechanic-related employees are represented by the International Brotherhood of Teamsters ("IBT") under a collective bargaining agreement signed in April 1994 which becomes amendable in March 1997. The IBT also represents CMI's agent classification employees located on Guam whose collective bargaining agreement was also signed in April 1994 and becomes amendable in March 1997.

The other employees of Continental, Express and CMI are not represented by unions and are not covered by collective bargaining agreements.

The Company has taken several cost containment actions affecting employees. In 1992, Continental and its subsidiaries implemented across-the-board salary and wage reductions for all employees, ranging from 5.0% of pay at the lowest level of compensation to approximately 22.5% of base pay for Continental's senior management. The reductions, which lowered payroll expense by approximately 10.0%, were restored in equal increments in December 1992, April 1993, April 1994 and July 1994. In January 1995, Continental determined not to make any longevity pay increases and to eliminate approximately 4,000 positions, including executive and management positions, during 1995.

Fuel

Fuel costs constituted approximately 13.1% of total operating costs in 1994. Consequently, changes in fuel costs can significantly affect Continental's operating results. Fuel prices continue to be susceptible to political events. In the event of any fuel supply shortage, higher fuel prices or curtailment of scheduled service could result. Continental cannot predict near or long-term fuel prices. Continental enters into petroleum purchase option contracts to hedge a portion of its future purchases against significant increases in the market price of jet fuel. In December 1994, approximately three months of jet fuel purchases were hedged by these contracts. In August 1993, the United States increased taxes on domestic fuel, including aviation fuel, by 4.3 cents per gallon. Airlines are exempt from this tax increase until October 1, 1995. When implemented (based on approximately one billion gallons of fuel consumed domestically in 1994), the fuel tax will increase Continental's annual costs by approximately \$43.9 million. However, it is possible that the fuel tax exemption will be extended beyond the October 1, 1995 deadline.

Competition and Marketing

The airline industry is highly competitive and susceptible to price discounting. Continental must compete with carriers having substantially greater resources, as well as smaller carriers with lower cost structures. Overall industry profit margins have historically been low and in recent years, have been substantially negative. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations".

As is the case with other carriers, most tickets for travel on Continental are sold by travel agents. Travel agents generally receive commissions measured by the price of tickets sold. Accordingly, airlines compete not only with respect to the price of tickets sold but also with respect to the amount of commissions paid. Airlines often pay additional commissions in

connection with special revenue programs. On February 10, 1995, Delta Airlines, Inc. ("Delta") became the first major airline to place a \$50 cap on travel agency commissions for round-trip tickets priced over \$500. Other airlines, including Continental, imposed similar commission caps. However, due to Continental's low fare structure, this change in its commissions policy is not expected to significantly impact operating results. See Item 3. "Legal Proceedings. Antitrust Proceedings".

Frequent Flyer Program

Each major airline has established a frequent flyer program designed to encourage travel on that carrier. Continental sponsors OnePass, which allows passengers to earn mileage credits by flying Continental and certain other carriers, including AC, Transavia, Alitalia, America West and SAS (collectively, the "OnePass Partners"), and by using the services of hotels, car rental firms and credit card companies participating in the OnePass program.

Continental accrues the incremental cost associated with the earned flight awards based on expected redemptions. The incremental cost to transport a passenger on a free trip includes the cost of incremental fuel, meals, insurance and miscellaneous supplies and does not include any charge for potential displacement of revenue passengers or costs for aircraft ownership, maintenance, labor or overhead allocation.

Continental estimates that as of December 31, 1994 and 1993, the total available awards under the OnePass program (based on accumulated mileage) were 1.6 million and 2.5 million roundtrips, respectively, after eliminating those accounts below the minimum level. Continental estimates that as of December 31, 1994 and 1993, 1.1 million and 1.5 million, respectively, of such awards could be expected to be redeemed, and, accordingly, Continental has recorded a liability with respect to such awards. The liability for expected redeemed flight awards decreased from \$63.6 million in 1993 to \$42 million in 1994 primarily due to a change in the Company's estimate of awards expected to be redeemed. The difference between the awards expected to be redeemed and the total awards available is an estimate, based on historical data, of breakage for those customers who do not redeem all or part of their mileage for travel awards or use their awards with another OnePass Partner.

The number of awards used on Continental was approximately 590,000 and 580,000 roundtrips for the years 1994 and 1993, respectively. Such awards represented approximately 4.6% and 4.7% of Continental's total revenue passenger miles for each year, respectively. Due to the structure of the program and the low level of redemptions as a percentage of total travel, Continental believes that displacement of revenue passengers by passengers using flight awards has historically been minimal.

Industry Regulation and Airport Access

Continental, CMI and Express operate under certificates of public convenience and necessity issued by the DOT. Such certificates may be altered, amended, modified or suspended by the DOT after notice and hearing if public convenience and necessity so require, or may be revoked for intentional failure to comply with the terms and conditions of a certificate. The airlines are also regulated by the FAA, primarily in the areas of flight operations, maintenance, ground facilities and other technical matters. Pursuant to these regulations, Continental has established, and the FAA has approved, a maintenance program for each type of aircraft operated by the Company that provides for the ongoing maintenance of such aircraft, ranging from frequent routine inspections to major overhauls. Recently adopted regulations require phase-out of certain aircraft and aging aircraft modifications. Such types of regulations can significantly increase costs and affect a carrier's ability to compete.

The DOT allows local airport authorities to implement procedures designed to abate special noise problems, provided such procedures do not unreasonably interfere with interstate or foreign commerce or the national transportation system. Certain airports, including the major airports at Boston, Washington, D.C., Chicago, Los Angeles, San Diego and San Francisco, have established airport restrictions to limit noise, including restrictions on aircraft types to be used and limits on the number of hourly or daily operations or the time of such operations. In some instances these restrictions have caused curtailments in services or increases in operating costs and such restrictions could limit the ability of Continental to expand its operations at the affected airports. Local authorities at other airports are considering adopting similar noise regulations.

In the last several years, the FAA has issued a number of maintenance directives and other regulations relating to, among other things, retirement of older aircraft, collision avoidance systems, airborne windshear avoidance systems, noise abatement and increased inspections and maintenance procedures to be conducted on older aircraft.

On March 24, 1995, the FAA issued new regulations relating to commuter safety. The new regulations are not expected to have a significant impact on the operations of Express.

Several airports have recently sought to increase substantially the rates charged to airlines, and the ability of airlines to contest such increases has been restricted by a recent decision of the United States Supreme Court. In addition, legislation which became effective June 1, 1992 allows public airports to impose passenger facility charges of up to \$3 per departing or connecting passenger at such airports. With certain exceptions, these charges are passed on to the customers.

The FAA has designated John F. Kennedy, LaGuardia, O'Hare and Washington National airports as "high density traffic airports" and has limited the number of departure and arrival slots at those airports. Currently, slots at the high density traffic airports may be voluntarily sold or transferred between the carriers. The DOT has in the past reallocated slots to other carriers and reserves the right to withdraw slots. Various amendments to the slot system, proposed from time to time by the FAA, members of Congress and others, could, if adopted, significantly affect operations at the high density traffic airports or expand slot controls to other airports. Certain of such proposals could restrict the number of flights, limit the ownership transferability of slots, increase the risk of slot withdrawal, or otherwise decrease the value of Continental's slots. Continental cannot predict whether any of these proposals will be adopted.

The award of international routes to United States carriers is regulated by agreements between the United States and foreign governments. The United States has in the past generally followed the practice of encouraging foreign governments to accept multiple carrier designation on foreign routes, although certain countries have sought to limit the number of carriers. Foreign route authorities may become less valuable to the extent that the United States and other countries adopt "open skies" policies liberalizing entry on international routes. Continental cannot predict what laws and regulations will be adopted or their impact, but the impact may be significant. Certain regulatory changes, if proposed and adopted, could materially adversely affect Continental, could cause defaults under the Company's secured note agreements with General Electric Capital Corporation and affiliates (collectively "GE Capital") and could require charges to the Company's financial statements.

Many aspects of Continental's operations are subject to increasingly stringent federal, state and local laws protecting the environment. Future regulatory developments could affect operations and increase operating costs in the airline industry, including for Continental.

Additional laws and regulations have been proposed or are contemplated that could significantly increase the cost of airline operations by, for example, increasing fuel taxes, imposing additional requirements or restrictions on operations or impairing access to capital markets. Continental cannot predict what laws and regulations will be adopted or their impact, but the impact could be significant.

System One

System One develops, markets and distributes travel-related information management products and services ("IMS") to the worldwide travel-related services industry and owns, markets and distributes a computerized reservation system ("CRS") to travel agencies, travel suppliers, corporations and other customers. System One has approximately a 15% share of the travel agency business in the United States and has a substantial market share in Latin America and in the Mid-Pacific/ Micronesia markets. The travel information supplied by the System One CRS to its subscribers includes flight availability, fares, hotel accommodations, car rentals, currency exchange rates and tourist information. System One's IMS business includes management and accounting systems for large travel agencies as well as data consolidation and management products. Approximately 12.3% of System One's 1994 revenues were realized in connection with Continental bookings.

In 1991, System One signed a 10-year systems management agreement with Electronic Data Systems ("EDS"). The agreement provides for EDS to manage the data processing and telecommunications facilities and services used by System One.

In February and March 1995, System One borrowed additional funds from EDS on the same terms as the existing loan agreement with EDS. The proceeds from these borrowings were used to repay a portion of the outstanding amount due Continental from System One under an intercompany revolving credit agreement.

Continental and System One are currently negotiating a series of transactions whereby the existing systems management agreement between System One and EDS would be terminated and a substantial portion of the assets (including the travel agent subscriber base and IMS software) and certain liabilities of System One would be transferred to a newly formed limited liability company ("New S1") that would be owned equally by System One (which will remain a wholly owned subsidiary of Continental), EDS and AMADEUS, a European CRS. Substantially all of System One's remaining assets (including the CRS software) and liabilities would be transferred to AMADEUS. In addition to retaining a one-third interest in New S1, the outstanding indebtedness of System One owed to each of EDS and Continental would be repaid, and System One would receive cash and an equity interest

in AMADEUS. New S1 would market the AMADEUS CRS and would continue to develop, market and distribute travel-related IMS. These transactions are anticipated to close in the second quarter of 1995.

ITEM 2. PROPERTIES.

Flight Equipment

At December 31, 1994, Continental (including CMI) operated a fleet of 330 jet aircraft, as follows:

Type	Total Aircraft	Owned	Leased	Seats in Standard Configuration	Average Age (In Years)
Four Engine					
747-200*	3	-	3	392	21.7
747-100*	2	-	2	392	24.0
Three Engine					
DC-10-10	6	-	6	287	21.7
DC-10-30	13	-	13	278	16.9
727-200*	65	1	64	149	17.5
Two Engine					
A300	21	2	19	257	13.1
737-500	21	-	21	107	0.6
737-300	59	10	49	131	7.2
737-200*	18	9	9	115	25.0
737-100*	13	13	-	107	25.8
757-200	11	-	11	183	0.5
MD-80	67	10	57	141	9.5
DC-9-30*	31	3	28	110	22.4
	330	48	282		

*Stage II (noise level) aircraft.

All of the aircraft and engines owned by Continental are subject to mortgages.

Pursuant to the Company's Go Forward Plan, Continental will remove from service 21 A300 aircraft, three 747 aircraft and 30 727 aircraft (23 of which are being retired on an accelerated schedule) during 1995. See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations. Results of Operations. Nonrecurring Charges".

The FAA has adopted rules pursuant to the Airport Noise and Capacity Act of 1990 that require a scheduled phase out of Stage II aircraft during the 1990's. As a result of Continental's acquisition of a number of new aircraft and the retirement of older Stage II aircraft in recent years, approximately 60.0% of Continental's current jet fleet was composed of Stage III aircraft at December 31, 1994. The Company plans to either retire or install hush kits on the remainder of its Stage II jet fleet prior to the year 2000 in order to comply with such rules.

Continental has firm commitments to take delivery of 22 new 737 and five new 757 aircraft in 1995, one new 757 aircraft in 1996 and 43 new jet aircraft during the years 1998 through 2002. The estimated aggregate cost of these aircraft is approximately \$3.4 billion.

As of December 31, 1994, Express operated a fleet of 76 aircraft, as follows:

Type	Total Aircraft	Owned	Leased	Seats in Standard Configuration	Average Age (In Years)
ATR-72	2	-	2	60	1.0
ATR-42	42	5	37	46	4.8
EMB 120	32	22	10	30	5.0
	76	27	49		

In late 1994, the Company returned to the lessor five Beech aircraft, sold 10 Beech aircraft and grounded its fleet of five Dash 7 aircraft.

In December 1994, Express contracted with Beech Acceptance Corporation ("Beech") for the purchase of 25 Beech 1900-D aircraft at an estimated aggregate cost of \$104 million, excluding price escalations. Deliveries of

these aircraft are scheduled in 1995 and 1996.

See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations. Liquidity and Capital Commitments" for information regarding capital commitments and financing relating to aircraft.

Facilities

Continental's principal facilities are located in Newark, Houston, Cleveland, Guam, Los Angeles, Denver and Honolulu. All such facilities, as well as substantially all of Continental's other facilities, are leased on a long-term, net rental basis, with the lessee responsible for maintenance, taxes, insurance and other facility-related expenses and services. In certain locations, Continental owns hangars and other facilities on land leased on a long-term basis, which facilities will become the property of the lessor on termination of the lease. At each of its hub cities and most other locations, Continental's passenger and baggage handling space is leased directly from the airport authority on varying terms dependent on prevailing practice at each airport.

Denver's Stapleton Airport closed on February 28, 1995 in connection with the opening of the new Denver International Airport ("DIA"). In 1992, the Company agreed to lease (i) 20 gates at DIA for a period of five years from the date DIA opened, (ii) four of such gates for an additional five years and (iii) a substantial amount of operational space in connection with the gates. On April 10, 1995, the Company reached an agreement with the City and County of Denver (the "City") and certain other parties to amend its lease of facilities at DIA which, among other things, reduces to 10 the number of gates (and reduces associated operational space) to be leased by Continental. See Item 3. "Legal Proceedings. Denver International Airport" and Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations. Liquidity and Capital Commitments". The Company is negotiating with America West and Frontier Airlines ("Frontier") to sublease up to five of its 10 gates and certain operational space.

Continental recently finished construction of certain new cargo facilities at Los Angeles International Airport ("LAX"). Such facilities were financed with the proceeds from the issuance of \$25.3 million of tax-exempt revenue bonds in December 1994. Continental agreed to fund the principal and interest payments related to such bonds through long-term lease agreements. The Company is attempting to sublease the majority of these facilities.

On November 7, 1994, the Company announced its decision to close its western United States scheduled maintenance facilities in Los Angeles and Denver, eliminating approximately 1,640 maintenance positions. Much of the Company's scheduled maintenance needs are now performed by outside suppliers who can support the Company's flight operations at locations more convenient to its primary domestic routes in the eastern, central and southern regions of the United States.

CMI operates a hub in Guam/Saipan, where the airport has undertaken a major terminal expansion expected to be completed by 1997. This expansion, while increasing the number of gates available to CMI, will also increase the cost of CMI's operations in Guam.

Continental also maintains administrative offices, airport and terminal facilities, training facilities and other facilities related to the airline business in the cities it serves.

As of December 31, 1994, Continental remains contingently liable on \$202.1 million of long-term lease obligations of USAir related to the East End Terminal at LaGuardia. In the event USAir defaults on such obligations, Continental may be required to cure the default, at which time it would have the right to reoccupy the terminal.

ITEM 3. LEGAL PROCEEDINGS.

Plan of Reorganization

The Company's Plan of Reorganization, which became effective on April 27, 1993, provides for the full payment of all allowed administrative and priority claims. Pursuant to the Plan of Reorganization, holders of allowed general unsecured claims are entitled to participate in a distribution of 1,900,000 shares of Class A common stock, 5,042,368 shares of Class B common stock and \$6,523,952 of cash and have no further claim against the Company. The Plan of Reorganization provided for this distribution to be issued initially in trust to a distribution agent and thereafter for distributions to be made from the trust from time to time as disputed claims are resolved. The distribution agent must reserve from each partial distribution of stock or cash to allow a complete pro rata distribution to be made to each holder of a disputed claim in the event such claim is eventually allowed, unless the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") establishes a lower reserve or estimates the claim at a lesser amount for purposes of distribution. As of March 31, 1995, there remained 307,939 shares of Class A common stock, 1,115,915 shares of Class B common stock, and

approximately \$1 million of cash available for distribution. The stock and cash set aside for distribution to prepetition unsecured creditors was fixed in the Plan of Reorganization and will not change as claims are allowed. However, as set forth below, a limited number of proceedings are still pending in which prepetition creditors seek to impose additional obligations on the Company.

Bankruptcy Appeals

Several parties appealed the Bankruptcy Court's April 16, 1993 order confirming the Plan of Reorganization.

A group of bondholders appealed to have the United States District Court for the District of Delaware (the "District Court") declare invalid the Plan of Reorganization provisions relating to the allocation for payment of unsecured creditors and the provisions releasing certain current and former officers and directors of the Company and its former parent from the claims of creditors. If the bondholders successfully imposed liability upon such officers and directors, the Company could be required to indemnify such individuals. The Company opposed the appeal on the merits and sought dismissal of certain of the claims as moot due to the substantial consummation of the Plan of Reorganization. On March 16, 1995, the District Court dismissed the appeal in part on grounds of mootness and denied it in part on the merits. The Company does not believe that the foregoing matter will have a material adverse effect on the Company.

On December 3, 1990, Continental owned 77 aircraft and 81 spare engines (in four collateral pools) securing debt evidenced by equipment trust certificates. The trustees for the four collateral pools moved in the Bankruptcy Court for "adequate protection" payments under Sections 361 and 363 of the federal bankruptcy code for the Company's retention and use of the aircraft and engines after December 3, 1990, including postpetition claims for the alleged decline in market value of the aircraft and engines after December 3, 1990 and claims for deterioration in the condition of the aircraft and engines in the same period. The Bankruptcy Court rejected the adequate protection claims that alleged market value decline, and prior to April 16, 1993, the Company settled all of the adequate protection claims of the trustees from three of the four collateral pools. The Company also settled all adequate protection claims of the trustees for the fourth collateral pool, except for their claim of approximately \$117 million for alleged market value decline of their pool of 29 aircraft and 81 additional engines. On April 16, 1993, the Bankruptcy Court rejected the market value decline claims of the trustees for the fourth collateral pool in their entirety and incorporated those findings into its order confirming the Plan of Reorganization. The trustees for the fourth collateral pool appealed from these orders, but failed to obtain a stay pending appeal. The Company opposed these appeals on the merits and sought dismissal of the appeals on the grounds they were made moot by the substantial consummation of the Plan of Reorganization. The District Court dismissed the appeals as moot, and the trustees appealed to the Third Circuit Court of Appeals seeking review of the District Court's mootness determination and the Bankruptcy Court's finding on the merits. Such appeal is still pending. The Company does not believe that the foregoing matter will have a material adverse effect on the Company.

On July 19, 1994, the Bankruptcy Court approved a comprehensive settlement resolving certain claims filed by the Air Line Pilots Association ("ALPA") and former pilots of Eastern. A group of separately represented Eastern pilots (the "LPP Claimants") filed an appeal from an order disallowing the integration of the Eastern pilots seniority list with Continental pilots seniority list. Continental filed a motion to dismiss as moot the appeals brought by the LPP Claimants, on the grounds that only ALPA had standing with regard to this proceeding and ALPA had previously withdrawn a similar appeal. The motion remains pending. Other Eastern-related claimants, including a group of 130 Eastern pilots who seek jobs and damages from Continental based on alleged prepetition promises of employment with Continental, have filed notices of appeal from the confirmation order. The Company is opposing these appeals on the merits and, in any event, if such parties are successful on their claims, their recovery would be limited to the fixed pools of Company common stock and cash provided for in the Plan of Reorganization.

Antitrust Proceedings

In March 1994, the United States District Court for the Northern District of Georgia approved the July 1992 settlement agreement between Continental and class plaintiffs in the consolidated Domestic Air Transportation Antitrust Litigation, in which Continental and other airlines were alleged to have violated the federal antitrust laws by actions related to pricing. Under the settlement approved by the court, Continental provided approximately \$11 million in transportation certificates to class members, in full settlement and release of all claims. Pursuant to this agreement and similar settlements involving other defendant airlines, transportation certificates totaling \$438 million were provided by Continental and other airlines, which will be valid on any of the settling defendants and will not be subject to interline reimbursement.

On December 21, 1992, the United States Department of Justice (the "DOJ") commenced a civil action in the United States District Court for the

District of Columbia against Continental, seven other domestic airlines and the Airline Tariff Publishing Company, alleging violations of Section 1 of the Sherman Act by price fixing and maintenance of a "coordination facilitation device". The suit sought injunctive relief only. All of the airlines, including Continental, named in the suit have entered into a consent decree with the DOJ that is intended to restrict, to some extent, the airlines' pricing practices. This consent decree was approved by the court on August 10, 1994.

Continental and other airlines were the subjects of a civil investigation conducted during 1990-1992 by the Attorney General of the State of Florida and, separately, of a multistate civil investigation that was begun in December 1992 by the Attorneys General of several other states, including Colorado, Connecticut, New York, Ohio, Pennsylvania, Utah and Washington. The investigations sought to determine if the airlines had violated federal or analogous state laws with respect to pricing or bidding concerning government air travel. On October 11, 1994, Continental, together with other airlines, entered into a Settlement Agreement with several states to settle the claims by the 50 states of price fixing. The Settlement Agreement requires the airlines to provide a 10% discount off published domestic fares for eligible government travel during a period no greater than 18 months. To implement the Settlement Agreement, on November 10, 1994, the State Attorneys General filed a class action complaint against Continental and the other airlines in the United States District Court for the District of Columbia, along with a motion for preliminary approval of the Settlement Agreement. On December 8, 1994, the District Court issued a preliminary order approving the Settlement Agreement. Final approval of the Settlement Agreement is still pending. The Company does not believe that the foregoing matter will have a material adverse effect on the Company.

On February 9, 1995, Delta imposed dollar limits on the base commissions it would pay to travel agents on domestic airline tickets. Shortly thereafter, other airlines, including Continental, imposed similar dollar limits on their respective commissions. In February and March of 1995, Continental and six other major United States airlines were sued in a number of putative class actions, including In re Airline Travel Agents Antitrust Litigation in the United States District Court for the District of Minnesota, in which various travel agents allege that Continental and the other defendants combined and conspired in unreasonable restraint of trade and commerce in violation of applicable antitrust laws. The plaintiffs also allege that the defendant airlines unlawfully fixed, lowered, maintained and stabilized the commissions paid to United States travel agents. Plaintiffs seek injunctive relief, treble damages, attorneys fees and related costs. Continental is in the process of reviewing the specific allegations in light of the pertinent facts and commencing the preparation of its defense. The Company does not believe that the foregoing matter will have a material adverse effect on the Company.

Denver International Airport

In 1992, the Company agreed to lease (i) 20 gates at DIA for a period of five years from the date DIA opened, (ii) four of such gates for an additional five years and (iii) a substantial amount of operational space in connection with the gates and for the terms set forth in the agreement. During 1994, the Company significantly reduced its Denver operations. The City filed a complaint on February 22, 1995 against the Company in the United States District Court for the District of Colorado seeking a determination that the Company materially breached and repudiated the lease and a March 1994 agreement to pay certain costs associated with the delays in opening DIA. In addition, the City sought a judgment declaring the City's rights and the Company's obligations and the award of an injunction that the Company perform such obligations. The City also sought attorneys fees and costs relating to its suit. The Company believes it has defenses against the City, as well as claims against the City that justify rescission of the lease or, if rescission is not awarded by the court, a substantial reduction in the Company's obligations thereunder.

The Company, the City and certain other parties have entered into an agreement ("Settlement") that was approved by the Denver City Council on April 10, 1995. The Settlement provides for the release of certain claims and the settlement of certain litigation filed by the City against the Company and reduces (i) the full term of the lease to five years, subject to certain rights of renewal granted to Continental, (ii) the number of gates leased from 20 to 10, (iii) the amount of leased operational and other space by approximately 70%. The reduced gates and operational space exceed Continental's current needs at the airport, and the Company is negotiating with America West and Frontier to sublease up to five of its remaining gates and certain operational space. The Company will attempt to sublease additional facilities and operational space as well. To the extent Continental is able to sublease any of its gates and operational space, its costs under the lease would be reduced.

The Settlement may still be challenged by certain parties, including by other air carriers, and the Company cannot predict what the outcome of any such challenge would be. Certain air carriers have taken the position that an insufficient number of carriers have executed the Settlement. Failure to implement the Settlement could reduce or eliminate the Company's

estimated savings at DIA.

Environmental Proceedings

The Company (including its predecessors) has been identified by the United States Environmental Protection Agency ("EPA") as a potentially responsible party at three Superfund sites. At each site, the Company's potential responsibility is premised on allegations that the Company generated waste disposed of at such site. The Company believes that, although applicable case law is evolving and some cases may be interpreted to the contrary, any claim of liability associated with these sites was discharged by confirmation of the Company's Plan of Reorganization, principally because the Company's exposure at each site is based on alleged prepetition offsite disposal known as of the date of confirmation. Even if the claims were not discharged, on the basis of currently available information, the Company believes that its potential liability for a share of the cost to remedy each site (to the extent the Company is found to have liability) is not material; however, the Company has not been designated a "de minimis" contributor at any of such sites by the EPA. The Company does not believe that the foregoing matters will have a material adverse effect on the Company. The Company may become involved in other environmental proceedings, including the investigation and remediation of environmental contamination at properties or waste disposal sites used or previously used by the Company.

General

Various other claims and lawsuits against the Company are pending, which are of the type reasonably foreseeable in view of the nature of the Company's business. The Company cannot at this time reasonably estimate the possible loss or range of loss that could be experienced if any of the claims were successful. Typically, such claims and lawsuits are covered by insurance. The Company does not believe that the foregoing matters will have a material adverse effect on the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

Continental's Class A and Class B common stock began trading on the New York Stock Exchange on a when-issued basis on July 14, 1993 and commenced trading on a regular-way basis on September 2, 1993, following the initial distribution of stock to the Company's prepetition creditors. On December 14, 1993, the Company sold 8,086,579 shares of Class B common stock in an underwritten public offering. Prior to that time, there had been limited trading volume in the Company's common stock.

The following table gives the high and low sales prices for the stocks as reported on the New York Stock Exchange for each quarterly period subsequent to July 1993.

	Class A Common Stock High	Class A Common Stock Low	Class B Common Stock High	Class B Common Stock Low
1993 Third Quarter	30-1/8	17-7/8	30-1/2	17
Fourth Quarter	27-7/8	16	25-7/8	13
1994 First Quarter	30-3/4	18-3/4	27-1/4	16-7/8
Second Quarter	21	13-1/2	19-3/4	11-1/4
Third Quarter	22-1/4	14	21-1/2	13
Fourth Quarter	18-1/2	8-1/8	18-1/8	7-1/2

The stock of Holdings that was cancelled in the Reorganization was publicly traded prior to April 28, 1993. Information regarding the price range of such pre-reorganization trading is not comparable with data provided for the Class A common stock or the Class B common stock and is not included in this Form 10-K.

As of March 31, 1995, there were approximately 5,100 and 5,900 holders of record of Continental's Class A and Class B common stock, respectively.

The Company has not paid dividends on its common stock. The Company anticipates that no dividends on its common stock will be declared in the foreseeable future, and that earnings, if any, will be retained for the development of the Company's business. The Company's loan agreements with GE Capital prohibit the Company from paying dividends to common stockholders until February 28, 1997, restrict the subsequent payment of dividends to common stockholders to a percentage of eligible net income (as defined) and require CMI to maintain certain minimum cash balances and net worth levels, which effectively restrict the amount of cash available to Continental from CMI.

The Company's certificate of incorporation provides that no shares of capital stock may be voted by or at the direction of persons who are not United States citizens unless such shares are registered on a separate stock record. The Company's bylaws further provide that no shares will be registered on such separate stock record if the amount so registered would exceed United States foreign ownership restrictions. United States law currently requires that no more than 25% of the voting stock of the Company (or any other domestic airline) may be owned directly or indirectly by persons who are not citizens of the United States. Because AC owns approximately 23.9% of the voting power of the Company's common stock and shares of common stock owned by AC have priority over shares held by other foreign holders, the number of shares that may be voted by other foreign holders is very limited.

ITEM 6. SELECTED FINANCIAL DATA.

The following table sets forth certain consolidated financial data of (i) the Reorganized Company at December 31, 1994 and 1993 and for the year ended December 31, 1994 and the period April 28, 1993 through December 31, 1993 and (ii) the Predecessor Company, for the period January 1, 1993 through April 27, 1993 and as of and for the three years ended December 31, 1992 (in millions, except per share data).

Because consolidated Continental (as reorganized) includes System One and other businesses that had been consolidated with Holdings prior to April 28, 1993 (but not with pre-reorganization Continental), the discussion herein generally refers to Holdings' consolidated financial statements for periods prior to April 28, 1993. As a result of the adoption of fresh start reporting in accordance with the American Institute of Certified Public Accountants' Statement of Position 90-7 - "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7") upon consummation of the Plan of Reorganization on April 27, 1993, the consolidated financial statements of the Predecessor Company and the Reorganized Company have not been prepared on a consistent basis of accounting and are separated by a vertical black line.

	Reorganized Company (1)		Predecessor Company (1)(2)(3)			
	Year Ended December 31, 1994	April 28, 1993 through December 31, 1993	January 1, 1993 through April 27, 1993	Year Ended December 31, 1992	1991	1990
Operating revenues	\$5,669.9	\$3,910.5	\$1,857.2	\$5,458.7	\$5,450.8	\$6,133.9
Operating income (loss)	(11.0)	95.4	(113.1)	(105.9)	(218.9)	(426.6)
Loss before extraordinary gain	(613.3)	(38.5)	(978.6)	(125.3)	(305.7)	(2,402.9)
Net income (loss) (4)	(613.3)	(38.5)	2,640.1	(125.3)	(305.7)	(2,343.9)
Primary and fully diluted loss per common share:						
Before extraordinary gain	(23.76)	(2.33)	*	(2.70)	(6.74)	(58.96)
Extraordinary gain	-	-	*	-	-	1.44
Net loss	(23.76)	(2.33)	*	(2.70)	(6.74)	(57.52)

(continued on next page)

	Reorganized Company (1)(3)		Predecessor Company (1)(3)		
	1994	December 31, 1993	1992	December 31, 1991	1990
Total assets	\$4,601.2	\$5,098.5	\$3,252.5	\$3,522.8	\$3,468.7
Estimated liabilities subject to Chapter 11 reorganization proceedings	-	-	3,907.1	4,211.9	4,352.0
Long-term debt and capital lease obligations	1,202.5	1,775.3	228.0	81.2	-
Minority interest	25.8	21.9	-	-	-
Redeemable preferred stock	52.6	46.9	101.9	101.9	101.9

*Not meaningful.

(1) See Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations. Results of Operations" for a discussion of significant transactions in 1994, 1993 and 1992. 1994 results include nonrecurring charges of approximately \$446.8 million. 1990 results included net losses of \$177.1 million attributable to Eastern and Eastern-related adjustments aggregating approximately \$1.4 billion. Also included in 1990 results are adjustments aggregating approximately \$440.7 million resulting from the Chapter 11 filing by the Predecessor Company and adjustments totaling approximately \$270.7 million recorded in connection with asset impairment. 1990 results include gains on the disposition of property, equipment and other assets of \$100.2 million.

- (2) Includes Eastern for periods through April 19, 1990, for which periods and at which date Eastern was a consolidated subsidiary of Holdings.
- (3) Certain reclassifications have been made in prior years' financial statements to conform to the 1994 presentation.
- (4) No cash dividends were paid on common stock during the periods shown.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Continental is the successor to Continental Airlines Holdings, Inc. and Continental Airlines, Inc. On December 3, 1990, Continental and Holdings and all their wholly owned domestic subsidiaries filed voluntary petitions to reorganize under Chapter 11 of the federal bankruptcy code. The companies' consolidated Plan of Reorganization was confirmed on April 16, 1993 and became effective on April 27, 1993. On such date, Holdings merged with and into Continental. System One, which had been a subsidiary of Holdings, was reorganized as a subsidiary of Continental. Because consolidated Continental (as reorganized) includes System One and other businesses that had been consolidated with Holdings for periods through April 27, 1993 (but not with pre-reorganization Continental), the discussion herein generally refers to Holdings' consolidated financial statements for periods through April 27, 1993.

On April 27, 1993, the Company adopted fresh start reporting in accordance with SOP 90-7, which resulted in adjustment of the Company's common stockholders' equity and the carrying values of assets and liabilities. The fresh start reporting adjustments, primarily related to the adjustment of the Company's assets and liabilities to fair market values, have also affected the Company's statements of operations. The more significant adjustments related to increased amortization expense relating to routes, gates and slots and reorganization value in excess of amounts allocable to identifiable assets; reduced aircraft rent expense; and increased interest expense.

Adverse Industry Conditions and Competition

The Company has experienced significant losses in the last five fiscal years. The Company's viability is dependent upon its ability to achieve and sustain profitable results of operations and thereby obtain access to external capital sources. During the fourth quarter of 1994, the Company recorded a nonrecurring charge of approximately \$446.8 million. See "Results of Operations. Nonrecurring Charges".

The airline industry is highly competitive and susceptible to price discounting, and Continental must compete with carriers having substantially greater resources, as well as smaller carriers with lower cost structures. Overall industry profit margins have historically been low and in recent years, have been substantially negative. Profit levels are highly sensitive to changes in fuel costs, changes in average yield (fare levels) and changes in passenger demand. Passenger demand and yield have been affected by, among other things, the general state of the economy and fare actions taken by Continental or its competitors.

In addition, a number of new carriers have entered the industry, typically with low cost structures. In some cases, the new entrants have initiated or triggered further price discounting. Aircraft, skilled labor and gates at most airports continue to be available to start-up carriers, and additional entrepreneurs have indicated that they intend to enter the airline business. Although management believes Continental may be better able than several of its major competitors to compete with the fares offered by start-up carriers because of Continental's lower cost structure, the entry of new carriers on many of Continental's routes (as well as increased competition from established carriers) could negatively impact Continental's results of operations.

Airline Costs

Management believes that the Company's costs will be affected in 1995 by (i) the full-year impact of the 1994 wage restorations, (ii) higher aircraft rental expense as new aircraft are delivered, (iii) changes in the costs of materials and services (in particular, the cost of fuel, which can fluctuate significantly in response to global market conditions), (iv) changes in governmental regulations and taxes affecting air transportation and the costs charged for airport access, (v) changes in the Company's fleet and related capacity and (vi) the Company's continuing efforts to reduce costs throughout its operations.

Management believes that maintaining a cost advantage is crucial to the Company's business strategy, and Continental is pursuing aggressive cost reduction objectives in virtually all aspects of its operations.

Fuel costs constituted approximately 13.1% of Continental's operating costs in 1994 and, although Continental has consistently sought to hedge its short to intermediate term exposure against severe spikes in crude oil prices, future price changes could materially affect Continental's results

of operations. See Item 1. "Business. Fuel".

In the last several years, the FAA has issued a number of maintenance directives and other regulations relating to, among other things, retirement of older aircraft, collision avoidance systems, airborne windshear avoidance systems, noise abatement and increased inspections and maintenance procedures to be conducted on older aircraft. These regulatory actions have imposed, and may in the future impose further, material unanticipated costs upon the Company and other airlines.

Other

The Company had, as of December 31, 1994, deferred tax assets aggregating approximately \$1.6 billion, including approximately \$1.1 billion of net operating loss carryforwards. The Company recorded a valuation allowance of \$844.2 million against such assets as of December 31, 1994. Realization of a substantial portion of the Company's remaining net operating loss carryforwards will require the completion during the next three years of transactions resulting in recognition of built-in gains for federal income tax purposes. Although the Company currently intends to consummate one or more such transactions, in the event the Company were to determine in the future that no such transactions will be completed, an adjustment to the deferred tax liability of up to approximately \$194 million would be charged to income in the period such determination was made.

Many aspects of Continental's operations are also subject to increasingly stringent federal, state and local laws protecting the environment. Continental has been named as a potentially responsible party at three cleanup sites which have been designated as Superfund Sites. At sites where EPA has commenced remedial litigation, potential liability is joint and several. Continental's alleged volumetric contributions at the sites are minimal. The Company does not believe that the foregoing matters will have a material adverse effect on the Company.

Certain Statistical Information

An analysis of statistical information for Continental's jet operations for each of the three years in the period ended December 31, 1994 is as follows:

	1994	Net Increase/ (Decrease) 1994-1993	1993	Net Increase/ (Decrease) 1993-1992	1992
Revenue passengers (000).	42,202	9.3 %	38,628	0.7 %	38,358
Revenue passenger miles (millions) (a).	41,588	(1.7)%	42,324	(1.7)%	43,072
Available seat miles (millions) (b) . .	65,861	(1.7)%	67,011	(1.3)%	67,877
Passenger load factor (c)	63.1%	(0.1) pts.	63.2%	(0.3) pts.	63.5%
Breakeven passenger load factor (d) . .	62.9%	(0.4) pts.	63.3%	(2.1) pts.	65.4%
Passenger revenue per available seat mile (cents) (e)	7.22	0.7 %	7.17	7.7 %	6.66
Operating cost per available seat mile (cents) (f) .	7.86	(0.5)%	7.90	4.5 %	7.56
Average yield per revenue passenger mile (cents) (g) .	11.44	0.8 %	11.35	8.2 %	10.49
Average fare per revenue passenger.	\$112.71	(9.3)%	\$124.32	5.5 %	\$117.84
Average length of aircraft flight (miles).	727	(15.1)%	856	0.6 %	851
Average daily util- ization of each aircraft (h)	9:57	2.2 %	9:44	1.7 %	9:34

- (a) The number of scheduled miles flown by revenue passengers.
- (b) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
- (c) Revenue passenger miles divided by available seat miles.
- (d) The percentage of seats that must be occupied by revenue passengers in order for the airline to breakeven on an income before income taxes basis, excluding nonrecurring charges, nonoperating items and other special items. This statistic excludes Express operations.
- (e) Passenger revenues divided by available seat miles.
- (f) Operating expenses divided by available seat miles. Operating cost

- for the year ended December 31, 1993 included approximately \$37 million of nonrecurring items related to the Reorganization.
- (g) The average revenue received for each mile a revenue passenger is carried.
 - (h) The average block hours flown per day in revenue service per aircraft.

Results of Operations

The following discussion provides an analysis of the Company's results of operations and reasons for material changes therein for the three years ended December 31, 1994. The Company's results of operations for the periods subsequent to April 27, 1993 have not been prepared on a basis of accounting consistent with its predecessor's results of operations for periods prior to April 28, 1993 due to the implementation of fresh start reporting upon the Company's emergence from bankruptcy. Financial information for 1993 is derived by combining the results of operations of the Company for the period April 28, 1993 through December 31, 1993 with those of Holdings for the period January 1, 1993 through April 27, 1993.

Overview of 1994. Continental's 1994 loss before nonrecurring charges was \$166.5 million, or \$6.61 per common share (primary and fully diluted). The 1994 net loss of \$613.3 million, or \$23.76 per common share (primary and fully diluted), included nonrecurring charges of approximately \$446.8 million, or \$17.15 per common share (primary and fully diluted). See "Nonrecurring Charges" below. The nonrecurring charges and losses in 1994 were caused primarily by major operating changes implemented by Continental during the year and by a late 1994 build-up of excess fleet and related operating capacity that the Company was unable to deploy profitably. Continental's Go Forward Plan, a new, multi-faceted strategy, is designed to redirect and improve the Company's operations, shrink excess capacity, improve liquidity and achieve profitability. See Item 1. "Business. Business Strategy".

Reduction in Western United States Operations. During 1994, Continental greatly reduced its operations in the western United States. The Company eliminated its unprofitable Denver hub operation, cutting daily jet departures from 165 in August 1993, to 86 in July 1994, 59 in September 1994 and 19 at March 31, 1995. Beginning in May 1994, Express also terminated all Denver turboprop operations. In November 1994, Continental announced its decision to close its western United States heavy maintenance facilities in Los Angeles and Denver, eliminating approximately 1,640 maintenance positions.

Continental Lite. In 1994, Continental rapidly expanded Continental Lite (a network of short-haul, no-frills, low-fare flights initially referred to as Peanuts Flights), from 173 daily flights and 19 aircraft serving 14 cities in November 1993 to 1,000 daily flights and 114 aircraft serving 43 cities in September 1994. The rapid growth of Continental Lite was supplied by redeploying a substantial portion of Continental's capacity, including aircraft made available by elimination of the Denver hub and by deliveries of new aircraft under the Company's agreement with Boeing. Continental Lite experienced operational problems in connection with this rapid growth and was not profitable in 1994. At its peak, approximately 35% of Continental Lite flying consisted of point-to-point, linear service not integrated with the Company's hubs. Linear flying proved to be significantly unprofitable and was responsible for an estimated 70% of all Continental Lite system losses in 1994. As part of its Go Forward Plan, the Company is substantially reducing Continental Lite operations by redeploying aircraft out of Continental Lite to replace less efficient, larger aircraft being retired from long-haul service, and implementing other changes intended to improve profitability.

Express. Management has implemented strategies designed to improve the performance of Express, which experienced losses in 1994. In addition to terminating its significantly unprofitable Denver operations, Express implemented cost-reduction programs, including substantial workforce reductions, and has entered into an agreement to acquire 25 new, operationally efficient, 19-seat turboprop aircraft from Beech Acceptance Corporation. Fourth quarter results for Express were adversely affected by an FAA Airworthiness Directive, which prohibited all airlines, including Express, from flying ATR-42 and ATR-72 aircraft during atmospheric icing conditions. The Airworthiness Directive was effective December 9, 1994 through January 13, 1995. The FAA may issue further Airworthiness Directives with respect to the ATR aircraft and it is not possible to predict the effect, if any, that future directives or other regulatory actions may have on the use of such aircraft in certain weather conditions.

International. CMI achieved significant profit growth in 1994 and continued to generate operating profit margins greater than those of the rest of the Company. The increase in CMI's profits during 1994 reflected improvement in the Japanese economy, continued appreciation of the Japanese yen against the dollar (which increased CMI's dollar revenues and, to a lesser extent, expenses), the severe typhoons and an earthquake at Guam that adversely affected 1993 results, and continued growth in air traffic demand in CMI's markets. Continental also expanded its presence in Europe and South America in 1994 and is one of the leading airlines providing service to Mexico and Central America, serving more destinations there than any other United States airline.

Nonrecurring Charges. During the fourth quarter of 1994, the Company recorded a nonrecurring charge of approximately \$446.8 million associated primarily with (i) the planned early retirement of certain aircraft and (ii) closed or underutilized airport and maintenance facilities and other assets.

Approximately \$278 million of the nonrecurring charge was associated with the planned early retirement during 1995 of 24 widebody jet aircraft (21 Airbus A300s and three Boeing 747s), 23 narrowbody Boeing 727 jet aircraft and five Dash 7 turboprop aircraft, including a provision for the disposal of the related inventory. All of these aircraft (except for two owned Airbus A300 aircraft) have remaining lease obligations beyond the planned retirement dates for such aircraft. The \$278 million charge represents the Company's best estimate of the expected loss based upon, among other things, the anticipated resolution of negotiations with certain lessors as well as anticipated sublease rental income of certain aircraft and engines. To the extent the actual resolution of the negotiations, actual sublease rental income or other events or amounts vary from the Company's estimates, the actual charge could be different from the amount estimated.

Approximately \$168.8 million of the nonrecurring charge was associated with the closure of the LAX maintenance facility, underutilized airport facilities and other assets (primarily associated with DIA). This portion of the charge relates to the Company's contractual obligations under the related lease agreements and the write-off of related leasehold improvements, less an estimated amount for sublease rental income. However, should actual sublease rental income be different from the Company's estimates, the actual charge could be different from the amount estimated.

Approximately \$324.2 million of the nonrecurring charge represents an actual cash outlay to be incurred over the remaining lease terms (of from one to 15 years) and approximately \$122.6 million represents a noncash charge associated with a write-down of certain assets (principally inventory and flight equipment) to expected net realizable value. Continental expects to finance the cash outlays primarily with internally generated funds.

Comparison of 1994 to 1993. The Company recorded a consolidated loss before nonrecurring charges of \$166.5 million for the year ended December 31, 1994 as compared to a consolidated loss before extraordinary gain of \$1 billion for the year ended December 31, 1993. The Company's net loss in 1994 included nonrecurring charges of approximately \$446.8 million. The Company's net income in 1993 included an extraordinary gain of \$3.6 billion primarily related to the discharge of prepetition debt obligations in the Reorganization.

Passenger revenues of \$5 billion in 1994 decreased 1.6%, \$79.4 million, from 1993 due primarily to a 1.7% decrease in Continental's jet revenue passenger miles resulting from a 1.7% decrease in available seat miles. Such decrease was partially offset by a 0.8% increase in jet yields.

Cargo, mail and other revenues decreased by 2.8%, \$18.3 million, from 1993 to 1994 primarily as a result of Continental's termination of service to Australia and New Zealand in October 1993 and poor weather in the eastern United States in the first quarter of 1994.

Wages, salaries and related costs increased 2.0%, \$30.2 million, from 1993 to 1994 due to higher wage rates, partially offset by a decrease in the number of full-time equivalent employees. In July 1992, the Company implemented an average 10.0% wage reduction, which reduction was restored in equal increments in December 1992, April 1993 and April 1994, with the final restoration occurring in July 1994. The number of full-time equivalent employees decreased from approximately 39,700 as of December 31, 1993 to approximately 37,800 at December 31, 1994.

Rentals and landing fees increased 4.0%, \$32 million, from 1993 to 1994. Rent expense increased primarily as a result of the delivery of new Boeing 737 and 757 aircraft during 1994. Such increase was partially offset by retirements of leased aircraft and the full year impact in 1994 of the amortization of deferred credits recorded in connection with the Company's adjustment of operating leases to fair market value as of April 27, 1993.

Aircraft fuel expense decreased 8.7%, \$70.6 million, from 1993 to 1994 primarily due to a reduction in the average price per gallon. The average price per gallon of fuel decreased 9.7%, from 59.26 cents in 1993 to 53.52 cents in 1994. The quantity of jet fuel used increased from 1.333 billion gallons in 1993 to 1.349 billion gallons used in 1994 principally due to an increase in the frequency of take-offs and landings associated with Continental Lite operations.

Maintenance, materials and repairs costs decreased 9.5%, \$51.8 million, from 1993 to 1994 primarily due to increased operational efficiencies and the retirement of older aircraft.

Commissions expense decreased 20.6%, \$113.9 million, from 1993 to 1994 primarily due to a decrease in commissionable sales and a reduction in the aggregate average commission rate.

Depreciation and amortization expense increased 7.9%, \$18.9 million, from 1993 to 1994 due primarily to (i) an increase in aircraft operated under capital leases during the fourth quarter of 1993, (ii) the amortization of incremental capitalized costs associated with aircraft, and (iii) the annualized impact of fresh start adjustments relating to aircraft, routes, gates and slots and Reorganization Value in Excess of Amounts Allocable to Identifiable Assets.

Other operating expenses increased 3.8%, \$50.7 million, from 1993 to 1994 primarily as a result of increases in reservations and sales expense, advertising expense and other miscellaneous expenses, partially offset by a decrease in passenger service expenses that consist primarily of catering costs.

The Company's interest expense increased 10.6%, \$23.1 million, from 1993 to 1994 due primarily to a net increase in debt on which the Company was required to accrue interest. As a result of its Chapter 11 filing, through April 1993, the Company was not obligated to pay, and accordingly ceased accruing, contractual interest on its unsecured and undersecured obligations.

Interest capitalized increased 71.3%, \$7.1 million, from 1993 to 1994 due primarily to an increase in 1994 in the average balance during the year of purchase deposits for flight equipment.

Interest income increased 20.2%, \$3.8 million, from 1993 to 1994 primarily due to an increase in the average balance of cash and cash equivalents coupled with an increase in the average interest rate. Interest income earned on the Company's investments during the period prior to April 28, 1993 was netted against reorganization items in accordance with SOP 90-7.

The Company recorded gains of \$10.5 million and \$35.4 million in 1994 and 1993, respectively, relating primarily to Continental's disposition of property, equipment and other assets. In 1994, a gain totaling \$8.5 million related to the sale of 10 Beech aircraft and five spare engines was recorded. In 1993, the Company recorded a gain of \$34.9 million related to System One's sale to EDS of substantially all of the assets of its Airline Services Division.

Reorganization items, net, in 1993 included professional fees of \$58.6 million, accruals for rejected aircraft agreements of \$153.3 million and other miscellaneous adjustments of \$33.9 million. In addition, in the second quarter of 1993, fresh start adjustments totaling \$719.1 million were recorded relating to the adjustment of assets and liabilities to fair market value as well as other miscellaneous fresh start adjustments of approximately \$76.8 million. These fresh start adjustments were partially offset by the write off of deferred gains on sale/leaseback transactions of \$218.6 million and interest income of \$4.5 million.

The Company's other nonoperating income (expense) in 1994 included foreign exchange losses of \$5.2 million (primarily related to Japanese yen-denominated transactions). Other nonoperating expense in 1993 included foreign exchange losses (primarily related to Japanese yen, German mark and British pound denominated transactions), charges totaling approximately \$13.1 million related to the Company's termination of services to Australia and New Zealand and other expenses primarily related to the abandonment of airport facilities.

In 1993, the Company recorded an extraordinary gain of \$3.6 billion resulting from the extinguishment of prepetition obligations, including the write off of a deferred credit related to Eastern of \$1.1 billion.

Comparison of 1993 to 1992. The Company recorded a consolidated loss before extraordinary gains of \$1 billion for the year ended December 31, 1993 as compared to a consolidated net loss of \$125.3 million in 1992. The Company's net income in 1993 included an extraordinary gain of approximately \$3.6 billion primarily related to the discharge of prepetition debt obligations. The net loss in 1992 included gains aggregating \$185 million relating to sales of assets and Eastern-related adjustments, principally the PBGC Settlement.

Passenger revenues of \$5.1 billion in 1993 increased 5.9%, \$286.2 million, from 1992 due primarily to an 8.2% increase in Continental's jet yields, partially offset by a 1.7% decrease in Continental's jet revenue passenger miles resulting from a 1.3% decrease in available seat miles. Such increase reflected \$75 million of passenger revenues recorded in the third quarter of 1993 as a result of the completion of the Company's periodic evaluation of its air traffic liability account.

Cargo, mail and other revenues increased 3.6%, \$22.8 million, from 1992 to 1993 primarily due to an increase in ground handling and similar services.

Wages, salaries and related costs increased 2.5%, \$36.6 million, from 1992 to 1993. In July 1992, the Company implemented an average 10.0% wage reduction which was partially offset by increases in worker's compensation and medical benefits expenses. In December 1992, 25% of such wage reduction was restored and in April 1993 another 25% was restored. The number of full-time equivalent employees increased from approximately 35,600 as of December 31, 1992 to approximately 39,700 as of December 31,

1993.

Rentals and landing fees remained relatively constant in 1993 as compared to 1992. Rent expense increased due to Continental's leaseback of previously owned aircraft which were transferred to certain debt holders in December 1992 and April 1993 in settlement of litigation. These increases were offset by the amortization of deferred credits recorded in connection with the Company's adjustment of operating leases to fair market value as of April 27, 1993.

Aircraft fuel expense decreased 3.0%, \$25.4 million, from 1992 to 1993. The quantity of jet fuel used increased from 1.307 billion gallons in 1992 to 1.333 billion gallons in 1993 due to an increase in Continental's operating levels, while the average price per gallon of fuel decreased 5.4%, from 62.48 cents per gallon in 1992 to 59.26 cents per gallon in 1993.

Maintenance, materials and repairs increased 7.8%, \$39.6 million, from 1992 to 1993 primarily due to outsourcing certain maintenance to third parties. For outsourcing contracts, 100% of the cost is included in maintenance, materials and repairs, whereas, when Continental performs its own maintenance work, a portion of such cost is classified as wages, salaries and related costs, in accordance with industry practice.

Commissions expense increased 19.8%, \$91.5 million, from 1992 to 1993 primarily due to an increase in passenger revenues.

Depreciation and amortization expense remained relatively constant in 1993 as compared to 1992. Depreciation decreased due to a reduction in the number of owned aircraft as a result of settlements reached in December 1992 and April 1993 with certain aircraft debt holders (which resulted in the transfer to the debt holders and subsequent leaseback of certain aircraft). This decrease was substantially offset by the amortization of intangibles (including Reorganization Value in Excess of Amounts Allocable to Identifiable Assets) beginning April 28, 1993.

Other operating expenses increased 6.5%, \$82.2 million, from 1992 to 1993 due primarily to increases in reservations and sales expense, advertising expense and other miscellaneous expenses.

The Company's interest expense increased 42.0%, \$64.3 million, from 1992 to 1993 due primarily to (i) interest accretion associated with the fair market value adjustment for operating leases and debt and (ii) a net increase in debt on which the Company was required to accrue interest.

Interest capitalized increased 69.5%, \$4.1 million, from 1992 to 1993 due primarily to an increase in 1993 in the average balance during the year of purchase deposits for flight equipment.

Interest income increased 22.9%, \$3.5 million, from 1992 to 1993 primarily due to an increase in funds available for investment. Interest income earned on the Company's investments during the period prior to April 27, 1993 was netted against reorganization items in accordance with SOP 90-7.

The Company recorded gains on disposition of property, equipment and other assets of approximately \$35.4 million in 1993 relating primarily to System One's sale to EDS of substantially all of the assets of its Airline Services Division. The Company recorded gains on disposition of property, equipment and other assets of approximately \$53.2 million in 1992 relating primarily to Continental's sale to USAir of certain assets at LaGuardia.

In 1992, the Company recorded a \$17.3 million gain when it was released from its guaranty of interest payments on certain Eastern Equipment Trust Certificates and a \$114.5 million net gain in connection with the PBGC Settlement.

Reorganization items, net, in 1993 included professional fees of \$58.6 million, accruals for rejected aircraft agreements of \$153.3 million and other miscellaneous adjustments of \$33.9 million. In addition, in the second quarter of 1993, fresh start adjustments totaling \$719.1 million were recorded relating to the adjustment of assets and liabilities to fair market value as well as other miscellaneous fresh start adjustments of approximately \$76.8 million. These fresh start adjustments were partially offset by the write off of deferred gains on sale/leaseback transactions of \$218.6 million and interest income of \$4.5 million.

In 1992, the Company recorded reorganization items, net, totaling \$31.5 million, including \$30 million in reorganization-related professional fees, \$6.7 million in net adjustments related to rejected leases and \$10.1 million of miscellaneous items, offset by \$15.3 million of interest income.

Continental's loss on settlement of litigation in 1992 included a \$41.6 million charge recorded in connection with a lawsuit brought by American General Corporation and American General Life Insurance Company and \$8 million related to the settlement of certain antitrust litigation.

The Company's other nonoperating expense in 1993 included foreign exchange losses (primarily related to Japanese yen, German mark and British pound

denominated transactions), charges totaling approximately \$13.1 million related to the Company's termination of services to Australia and New Zealand and other expenses primarily related to the abandonment of airport facilities. The Company's other nonoperating income in 1992 included foreign exchange gains of \$6.4 million, proceeds of approximately \$4.5 million from Trump Shuttle, Inc. (the "Shuttle") under a settlement agreement related to the termination of the Shuttle's participation in the OnePass program, insurance proceeds of \$6.4 million and other miscellaneous items.

In 1993, the Company recorded an extraordinary gain of approximately \$3.6 billion resulting from the extinguishment of prepetition obligations, including the write off of a deferred credit related to Eastern of approximately \$1.1 billion.

Liquidity and Capital Commitments

As part of the Company's Go Forward Plan, in January 1995 the Company commenced a series of initiatives designed to improve liquidity in 1995 and 1996. The major liquidity elements of this plan include (i) rescheduling principal amortization under the Company's loan agreements with its primary secured lenders (representing approximately \$599.4 million of the Company's outstanding long-term debt at December 31, 1994), (ii) restructuring the Company's commitments to purchase new Boeing aircraft and related engines, (iii) deferring or reducing cash requirements associated with certain existing aircraft, (iv) reducing the Company's lease commitments at DIA and (v) evaluating the potential disposition of non-core assets. As discussed below, under agreements in principle and binding agreements reached through April 12, 1995, the Company has improved its liquidity by an estimated \$231 million in 1995 and \$221 million in 1996. This achieves roughly 75% of the Go Forward Plan liquidity goal.

On March 31, 1995 the Company signed agreements with Boeing and certain engine manufacturers to defer substantially all aircraft deliveries that had been scheduled for 1996 and 1997. Five Boeing 767 aircraft that had been scheduled for delivery to Continental in 1995 have been sold to a third party. They have been replaced by five Boeing 767's which Continental will take delivery of starting in 1998. Options to purchase additional aircraft have been canceled. On March 30, 1995 Continental amended its principal secured loan agreements with GE Capital and General Electric Company (collectively, the "Lenders") to defer 1995 and 1996 principal payments and amended certain of its operating lease agreements with one of the Lenders to defer 1995 rental obligations. Continental agreed, among other things, to obtain concessions from certain aircraft lessors. Continuing deferrals of these principal and operating lease payments will be suspended if specified portions of such concessions are not obtained by May 31 and June 30, 1995 or if other covenants are not complied with. If the required concessions are obtained at a later date, the deferrals will resume. As discussed immediately below, the Company has reached agreements with some of these lessors and is in negotiations with the remaining lessors. The Company anticipates that it will be successful in timely obtaining the required concessions. These agreements with Boeing, the engine manufacturers and the Lenders will improve the Company's 1995 and 1996 liquidity by approximately \$167 million and \$161 million, respectively.

In connection with the Go Forward Plan, the Company is retiring from service 24 less efficient widebody aircraft during 1995. In February 1995, the Company began paying market rentals, which are significantly less than contractual rentals on these aircraft, and began ceasing all rental payments as the aircraft are removed from service. In addition, in February 1995 Continental reduced its rental payments on an additional 11 widebody aircraft leased at significantly above-market rates. The Company began negotiations in February 1995 with the relevant lessors of the 35 widebody aircraft to amend the lease repayment schedules or provide, effective February 1, 1995, alternative compensation, which could include debt securities convertible into equity, in lieu of current cash payments. As of April 12, 1995, the Company had entered into agreements or agreements in principle with lessors of 16 of these aircraft that will improve the Company's liquidity by an estimated \$44 million and \$40 million in 1995 and 1996, respectively.

On April 10, 1995, the Denver City Council approved an agreement among the City and County of Denver, the Company and certain signatory airlines amending the Company's lease of facilities at DIA by reducing the Company's lease term to five years, reducing to 10 the number of gates (and reducing associated space) leased by the Company and making certain changes in the rates and charges under the lease. The agreement also provides for the release of certain claims and the settlement of certain litigation filed by the City and County of Denver against the Company. See Item 3. "Legal Proceedings. Denver International Airport". The agreement is expected to result in annual reduction in costs to the Company of approximately \$20 million over the life of the lease.

Continental and System One are currently negotiating a series of transactions whereby the existing systems management agreement between System One and EDS would be terminated and a substantial portion of the assets (including the travel agent subscriber base and IMS software) and certain liabilities of System One would be transferred to a newly formed

limited liability company (New S1) that would be owned equally by System One (which will remain a wholly owned subsidiary of Continental), EDS and AMADEUS, a European CRS. Substantially all of System One's remaining assets (including the CRS software) and liabilities would be transferred to AMADEUS. In addition to retaining a one-third interest in New S1, System One would receive cash proceeds and an equity interest in AMADEUS and the outstanding indebtedness of System One owed to each of EDS and Continental would be repaid. New S1 would market the AMADEUS CRS and would continue to develop, market and distribute travel-related IMS. These transactions are anticipated to close in the second quarter of 1995.

Continental's failure to make required payments to the Lenders, the City and County of Denver and certain aircraft lessors as described above constituted events of default under the respective agreements with such parties. The agreements reached through April 12, 1995 with the Lenders, the City and County of Denver and two aircraft lessors have cured defaults under their respective agreements. As of April 12, 1995, defaults under the remaining widebody aircraft leases were continuing due to the nonpayment of rents, which could entitle the lessors to pursue contractual remedies, including seeking to take possession of the leased aircraft. As of April 12, 1995, the Company is in negotiations with these remaining lessors and has received proposals from lessors representing a majority of the Company's agreements currently in default. The Company believes it will be able to successfully conclude the remaining negotiations and thus avoid any material adverse effect on the Company. In addition, under "cross default" provisions, the payment defaults create defaults under a significant number of Continental's other lease and debt agreements, and the Company's obligations under the agreements subject to such cross defaults are also eligible to be accelerated. However, in the opinion of the Company, it is unlikely that lessors or creditors will exercise remedies under cross default provisions because (i) the Company is making all required contractual payments under the applicable agreements, (ii) the contractual payments on a substantial majority of aircraft leases are at current market rates, (iii) taking possession of the aircraft would cause the lessors or lenders to incur remarketing costs, and (iv) exercise of remedies could expose lessors and lenders to "lender liability" litigation. Additionally, the Company has made substantial progress in negotiations with lenders and lessors to cure the payment defaults and expects to complete all such negotiations by June 30, 1995, and as a result all events of default, including cross defaults, should be eliminated. Consequently, the Company does not expect the cross defaults to have a material adverse effect on the Company.

As a result of the FAA Airworthiness Directive which forced the partial grounding of the Company's ATR commuter fleet in late 1994 and early 1995, the Company withheld January and February lease payments totaling \$7 million on those ATR aircraft leased by the manufacturer. The Company's non-payment of rentals may have resulted in an event of default under the related lease agreements with ATR. As of April 12, 1995, the Company was engaged in discussions with ATR concerning compensation, if any, to be received by the Company as a result of the grounding, and the Company had received a proposal from ATR that, if accepted, would cure the payment default. In addition because of a decrease in the value of certain collateral, the Company may have been in default under the debt agreement relating to the financing of the Company's LAX maintenance facility. At March 31, 1995 the principal balance of the applicable obligation was approximately \$64 million and at April 12, 1995, the Company was in negotiations with the creditor. As a result of the progress in the ATR and LAX maintenance facility negotiations, the Company does not anticipate that the foregoing matters will have a material adverse effect on the Company.

The Company has no current plans to take other actions in the future that would constitute additional events of default.

As a result of the defaults and cross-defaults described above that were continuing at April 12, 1995, approximately \$489.9 million of the Company's long-term debt and capital lease obligations were classified as debt and capital leases in default within current liabilities as of December 31, 1994. While the Company does not believe it is probable that it will be required to fund such defaulted obligations in the next twelve months, generally accepted accounting principles require that such defaulted obligations be classified as current liabilities at December 31, 1994. In addition, certain operating leases with remaining aggregate rentals of \$1.4 billion as of December 31, 1994 were in default or cross default at April 12, 1995. See Notes 5 and 6 of the Notes to the Consolidated Financial Statements included in Item 8. Financial Statements and Supplementary Data.

Continental has firm commitments to take delivery of 22 new 737 and five new 757 aircraft in 1995, one new 757 aircraft in 1996 and 43 new jet aircraft during the years 1998 through 2002. The estimated aggregate cost of these aircraft is approximately \$3.4 billion. In December 1994, Express contracted with Beech for the purchase and financing of 25 Beech 1900-D aircraft at an estimated aggregate cost of \$104 million, excluding price escalations. Deliveries of the Beech aircraft are scheduled in 1995 and 1996. As of December 31, 1994, Continental had made deposits on jet and turboprop aircraft orders of approximately \$166.1 million, of which \$29.6 million was refunded in January 1995 and \$22.6 million was refunded in April 1995 in connection with the rescheduling of aircraft deliveries.

The Company currently anticipates that the firm financing commitments available to it with respect to its acquisition of new Boeing and Beech aircraft will be sufficient to fund all deliveries scheduled during the years 1995 and 1996.

Continental's capital expenditures during 1994 aggregated approximately \$131.1 million, which primarily related to aircraft modifications, passenger terminal facility improvements, and ground, telecommunications and computer equipment. Continental expects its 1995 capital expenditures, exclusive of aircraft, to aggregate approximately \$83 million primarily relating to aircraft modifications, passenger terminal facility improvements and office, maintenance, telecommunications and ground equipment.

As of December 31, 1994, the Company had approximately \$396.3 million in cash and cash equivalents as compared to \$721 million as of December 31, 1993. The \$324.7 million decrease resulted from approximately \$246.6 million of net cash used by financing activities and \$121.4 million of net cash used by investing activities, offset by \$43.3 million of net cash provided by operating activities.

Continental does not have general lines of credit, and substantially all of its assets, including the stock of its subsidiaries, are encumbered.

Approximately \$118.7 million and \$102.4 million of cash and cash equivalents at December 31, 1994 and 1993, respectively, were held in restricted arrangements relating primarily to workers' compensation claims and in accordance with the terms of certain other agreements. In addition, CMI is required by its loan agreement with GE Capital to maintain certain minimum cash balances and net worth levels, which effectively restrict the amount of cash available to Continental from CMI. As of December 31, 1994, CMI had a minimum cash balance requirement of \$23.7 million.

Continental currently believes that its cash on hand, together with cash expected to be generated from operations, cash anticipated to be generated from disposition of non-strategic assets and available aircraft financing, will be sufficient to fund its operations, fleet commitments and expected capital expenditures for fiscal 1995.

Item 8. Financial Statements and Supplementary Data.

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Continental Airlines, Inc.

We have audited the accompanying consolidated balance sheets of Continental Airlines, Inc. (the "Company") as of December 31, 1994 and 1993, and the related consolidated statements of operations, redeemable and non-redeemable preferred stock and common stockholders' equity and cash flows for the year ended December 31, 1994 and for the period April 28, 1993 through December 31, 1993. We have also audited the accompanying consolidated statements of operations, redeemable and nonredeemable preferred stock and common stockholders' equity and cash flows for the period from January 1, 1993 through April 27, 1993 of Continental Airlines Holdings, Inc. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to

obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the consolidated financial statements, the Company's consolidated Plan of Reorganization was confirmed by the bankruptcy court on April 16, 1993 and became effective April 27, 1993. As a result, Continental Airlines Holdings, Inc. (the "Predecessor Company") merged with and into the Company (the "Reorganized Company") effective April 27, 1993. The Company also adopted fresh start reporting effective April 27, 1993 and, as a result, the consolidated financial information for the period after April 27, 1993 is presented on a different basis of accounting than for the period before April 28, 1993 and, therefore, is not comparable.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 1994 and 1993, the consolidated results of its operations and its cash flows for the year ended December 31, 1994 and the period from April 28, 1993 to December 31, 1993 and the consolidated results of operations and cash flows of Continental Airlines Holdings, Inc., for the period from January 1, 1993 through April 27, 1993, in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Houston, Texas
April 12, 1995

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Continental Airlines Holdings, Inc.:

We have audited the accompanying consolidated statements of operations, nonredeemable preferred stock and common stockholders' deficit and cash flows of Continental Airlines Holdings, Inc. (a Delaware corporation) and its subsidiaries, entities in Chapter 11 reorganization proceedings (Holdings), for the year ended December 31, 1992. These financial statements and the schedules referred to below are the responsibility of Holdings' management. Our responsibility is to express an opinion on these financial statements and schedules based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Holdings for the year ended December 31, 1992, in conformity with generally accepted accounting principles.

The accompanying consolidated financial statements have been prepared on a going concern basis. Holdings has experienced significant operating losses in 1990, 1991 and 1992. Furthermore, Holdings is subject to additional uncertainties, including litigation and significant liquidity concerns, which management expects will be substantially resolved upon emergence from bankruptcy and the consummation of the investment by Air Partners, L.P. and Air Canada. In January 1993, Holdings filed a revised second amended joint plan of reorganization and related disclosure statement with the bankruptcy court. If a plan of reorganization is not approved by the bankruptcy court, there is substantial doubt about Holdings' ability to continue as a going concern. In the event a plan of reorganization is approved by the bankruptcy court, the reorganized company will adopt fresh start reporting; however, in the long-term, the reorganized company's viability will be dependent upon its ability to achieve successful future operations. The accompanying consolidated 1992 financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should Holdings be unable to continue in existence nor do the consolidated financial statements reflect the adjustments required by fresh start reporting.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules for Holdings for 1992 listed in the index to financial statement schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP

Houston, Texas
March 12, 1993

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

	Reorganized Company	Predecessor Company		
	Year Ended	Period from Reorganization (April 28, 1993 through December 31,	Period from January 1, 1993 through April 27, December	
31,	1994	1993)	1993	
			1992	
Operating Revenues:				
Passenger	\$5,036,057	\$3,493,070	\$1,622,406	\$4,829,273
Cargo, mail and other	633,874	417,457	234,752	629,436
	5,669,931	3,910,527	1,857,158	5,458,709
Operating Expenses:				
Wages, salaries and related costs	1,531,588	999,467	501,901	1,464,783
Rentals and landing fees	825,469	519,443	273,977	797,495
Aircraft fuel	741,374	540,078	271,935	837,451
Maintenance, materials and repairs	495,333	363,175	183,930	507,508
Commissions	438,883	377,537	175,283	461,305
Depreciation and amortization	257,765	162,050	76,795	238,441
Other	1,390,490	853,328	486,475	1,257,576
	5,680,902	3,815,078	1,970,296	5,564,559
Operating Income (Loss)	(10,971)	95,449	(113,138)	(105,850)
Nonoperating Income (Expense):				
Interest expense	(240,575)	(165,484)	(52,023)	(153,207)
Interest capitalized	16,988	8,156	1,759	5,851
Interest income	22,569	14,242	-	-
Gain on disposition of property, equipment and other assets, net	10,471	4,100	31,250	53,230
Eastern-related adjustments	-	-	-	131,797
Reorganization items, net	-	-	(818,551)	(31,549)
Loss on settlement of litigation	-	-	-	(49,619)
Nonrecurring charges	(446,796)	-	-	-
Other, net	(2,798)	(7,958)	(25,742)	24,554
	(640,141)	(146,944)	(863,307)	(18,943)
Loss before Income Taxes, Minority Interest and Extraordinary Gain	(651,112)	(51,495)	(976,445)	(124,793)
Income Tax (Provision) Benefit	42,150	12,785	(2,140)	(540)

(continued on next page)

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

	Reorganized Company		Predecessor Company	
	Year Ended December 31,	Period from Reorganization (April 28, 1993 through December 31,	Period from January 1, 1993 through April 27,	Year Ended December
31,	1994	1993)	1993	1992
Loss before Minority Interest and Extraordinary Gain . . .	.\$ (608,962)	\$ (38,710)	\$ (978,585)	\$ (125,333)
Minority Interest.	(4,380)	161	-	-
Loss before Extraordinary Gain. . . .	(613,342)	(38,549)	(978,585)	(125,333)
Extraordinary Gain	-	-	3,618,723	-
Net Income (Loss).	(613,342)	(38,549)	2,640,138	(125,333)
Preferred Dividend Requirements and Accretion to Liquidation Value	(5,690)	(3,531)	-	-
Income (Loss) Applicable to Common Shares. . . . .	.\$ (619,032)	\$ (42,080)	\$2,640,138	\$ (125,333)
Primary and Fully Diluted Loss per Common Share . . .	.\$ (23.76)	\$ (2.33)	\$ N.M.*	\$ (2.70)

*N.M. - Not meaningful - Historical per share data for the Predecessor Company is not meaningful since the Company has been recapitalized and has adopted fresh start reporting as of April 27, 1993.

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

CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of dollars, except for share data)

ASSETS	December 31, 1994	December 31, 1993
Current Assets:		
Cash and cash equivalents, including restricted cash and cash equivalents of \$118,732 and \$102,439, respectively.	\$ 396,298	\$ 721,038
Accounts receivable, net of allowance for doubtful receivables of \$37,809 and \$35,046, respectively.	375,621	334,828
Spare parts and supplies, net of allowance for obsolescence of \$36,325 and \$4,621, respectively	141,781	161,856
Prepayments and other	76,260	79,404
Total current assets	989,960	1,297,126

Property and Equipment:		
Owned property and equipment:		
Flight equipment	1,004,337	951,881
Other.	281,605	284,362
	1,285,942	1,236,243
Less: Accumulated depreciation.	207,206	69,022
	1,078,736	1,167,221

Purchase deposits for flight equipment.	166,052	166,984
Capital leases:		
Flight equipment	400,037	394,236
Other.	17,045	2,142
	417,082	396,378
Less: Accumulated amortization.	69,103	23,838
	347,979	372,540
Total property and equipment.	1,592,767	1,706,745

Other Assets:

Routes, gates and slots, net of accumulated amortization of \$96,642 and \$39,241, respectively	1,591,140	1,672,759
Reorganization value in excess of amounts allocable to identifiable assets, net of accumulated amortization of \$31,197 and \$13,838, respectively.	318,206	335,565
Other assets, net	109,109	86,301

Total other assets. 2,018,455 2,094,625

Total Assets. \$4,601,182 \$5,098,496

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CONTINENTAL AIRLINES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands of dollars, except for share data)

LIABILITIES AND STOCKHOLDERS' EQUITY	December 31, 1994	December 31, 1993
Current Liabilities:		
Debt and capital lease obligations in default	\$ 489,865	\$ -
Current maturities of long-term debt.	126,186	176,228
Current maturities of capital leases.	25,788	40,556
Accounts payable.	629,939	566,268
Air traffic liability	584,108	590,994
Accrued payroll and pensions.	178,648	167,859
Accrued other liabilities	373,273	364,204
Total current liabilities.	2,407,807	1,906,109
Long-Term Debt	1,038,165	1,369,885
Capital Leases	164,349	405,387
Deferred Credits and Other Long-Term Liabilities:		
Deferred income taxes.	28,100	50,767
Deferred credit - operating leases	137,606	288,556
Accruals for aircraft retirements and excess facilities	391,947	-
Other.	251,118	288,395
Total deferred credits and other long-term liabilities.	808,771	627,718
Commitments and Contingencies		
Minority Interest.	25,800	21,935
Redeemable Preferred Stock (aggregate redemption value - \$55,966 and \$50,497, respectively)	52,606	46,916
Common Stockholders' Equity:		
Class A common stock - \$.01 par, 50,000,000 shares authorized; 6,301,056 shares and 6,013,216 shares issued and outstanding at December 31, 1994 and 1993, respectively.	63	60
Class B common stock - \$.01 par, 100,000,000 shares authorized; 20,403,512 shares and 19,509,352 shares issued and outstanding at December 31, 1994 and 1993, respectively.	204	195
Additional paid-in capital	778,382	764,274
Accumulated deficit.	(651,891)	(38,549)
Unearned portion of restricted stock issued for future service.	(13,872)	-
Additional minimum pension liability	(6,549)	(5,434)
Unrealized loss on marketable equity		

securities	(2,218)	-
Treasury stock - 30,000 shares in 1994	(435)	-
Total common stockholders' equity	103,684	720,546
Total Liabilities and Stockholders' Equity	\$4,601,182	\$5,098,496

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

CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

	Reorganized Company		Predecessor Company	
	Year Ended December 31,	Period from Reorganization (April 28, 1993 through December 31,	Period from January 1, 1993 through April 27,	Year Ended December
31,	1994	1993)	1993	1992
Cash Flows From				
Operating Activities:				
Net income (loss)	\$(613,342)	\$(38,549)	\$2,640,138	\$(125,333)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	257,765	162,050	76,795	232,199
Nonrecurring charges	446,796	-	-	-
Provision for doubtful receivables	24,913	11,640	7,643	23,214
Amortization of deferred credits	(62,942)	(43,196)	(13,289)	(42,573)
Amortization of restricted stock grants	5,502	-	-	-
Gain on disposition of property, equipment and other assets, net	(10,471)	(4,100)	(31,250)	(53,230)
Extraordinary credit - gain on discharge of debt, net	-	-	(3,618,723)	-
Loss on settlement of litigation	-	-	-	49,619
Eastern-related adjustments	-	-	-	(131,797)
Reorganization items, net	-	-	779,460	(1,485)
Deferred income tax benefit	(42,150)	(12,850)	-	-
Other, net	34,231	9,694	16,195	25,156

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CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

	Reorganized Company		Predecessor Company	
	Year Ended December 31,	Period from Reorganization (April 28, 1993 through December 31,	Period from January 1, 1993 through April 27,	Year Ended December
31,	1994	1993)	1993	1992
Changes in operating				

assets and liabilities:				
(Increase) decrease in accounts receivable	\$(64,081)	\$ 112,556	\$ (132,472)	\$ 139,544
(Increase) decrease in spare parts and supplies	(10,038)	2,854	365	(514)
(Increase) decrease in prepayments and other assets	(12,084)	14,010	34,503	7,336
Increase in accounts payable	88,635	15,121	74,929	48,571
Increase (decrease) in air traffic liability	(6,886)	(95,557)	109,587	90,680
Increase (decrease) in accrued liabilities, deferred credits and other	7,413	(68,858)	129,748	73,216
Net cash provided by operating activities..	43,261	64,815	73,629	334,603

Cash Flows from Investing Activities:				
Proceeds from disposition of property, equipment and other assets	28,459	4,395	36,123	63,304
Capital expenditures	(131,050)	(236,228)	(67,425)	(132,994)
Investment in America West	(18,771)	-	-	-
Other, net	-	-	-	1,013
Net cash used by investing activities	(121,362)	(231,833)	(31,302)	(68,677)

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CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

	Reorganized Company	Predecessor Company		
	Year Ended	Period from	Period from	Year Ended
	December 31,	Reorganization	January 1,	December
	1994	(April 28,	1993 through	1992
		1993 through	April 27,	
		December 31,	1993	
31,				
Cash Flows from Financing Activities:				
Proceeds from issuance of long-term debt	\$ 33,561	\$ 89,820	\$ 308,536	\$ 22,598
Payments on long-term debt and capital lease obligations	(280,200)	(120,964)	(106,296)	(231,046)
Proceeds from issuance of preferred and common stock, net	-	153,060	122,004	-
Net cash provided (used) by financing activities	(246,639)	121,916	324,244	(208,448)
Net Increase (Decrease) in Cash and Cash Equivalents	(324,740)	(45,102)	366,571	57,478
Cash and Cash Equivalents Beginning of Period	721,038	766,140	399,569	342,091
Cash and Cash Equivalents End of Period	\$ 396,298	\$ 721,038	\$ 766,140	\$ 399,569
Supplemental Cash Flow Information:				
Interest paid	\$ 202,319	\$ 92,590	\$ 30,926	\$ 108,558

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CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of dollars)

	Reorganized Company		Predecessor Company	
	Year Ended	Period from	Period from	Year Ended
	December 31,	Reorganization	January 1,	December
	1994	(April 28,	1993 through	1992
		December 31,	April 27,	
		1993)	1993	
31,				
Financing and Investing Activities Not Affecting Cash:				
Capital lease obligations incurred. . . . .	.\$ 14,053	\$ 1,259	\$ -	\$ -
Reclassification of accrued rent and interest to long- term debt . . . . .	.\$ 28,177	\$ 73,416	\$ 113,496	\$ 84,901
Capitalization of operating leases due to renegotiated terms . . . . .	.\$ -	\$ 136,510	\$ -	\$ 27,065
Property and equipment acquired through the issuance of debt . . . . .	.\$ 10,494	\$ 1,679	\$ -	\$ 59,868
Financed purchase deposits for flight equipment. . . . .	.\$ 21,519	\$ 33,124	\$ -	\$ -

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

CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE AND NONREDEEMABLE
PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY (DEFICIT)
(In thousands of dollars)

	Additional			
	Preferred	Common	Paid-In	Accumulated

	Stock	Stock	Capital	Deficit	Other
Balance, December 31, 1991.	\$102,246	\$467	\$1,094,775	\$(4,823,720)	\$(12,024)
Net Loss.	-	-	-	(125,333)	-
Conversion of 6-3/4% Nonredeemable Preferred to Common.	(38)	3	35	-	-
Balance, December 31, 1992.	102,208	470	1,094,810	(4,949,053)	(12,024)
Net Income (1/1/93 - 4/27/93)	-	-	-	2,640,138	-
Net Loss (4/28/93 - 12/31/93)	-	-	-	(38,549)	-
Conversion of 6-3/4% Nonredeemable Preferred to Common.	(1)	-	1	-	-
Reorganization Items:					
Fresh Start Adjustments.	-	-	-	2,308,915	12,024
Cancellation of Stock.	(102,207)	(470)	(1,094,811)	-	-
Issuance of Stock in Connection with Emergence from Bankruptcy.	43,385	174	614,826	-	-
Issuance of Stock in Connection with Public Offering.	-	81	152,979	-	-
Accumulated Unpaid Dividends:					
8% Cumulative Redeemable Preferred	932	-	(932)	-	-
12% Cumulative Redeemable Preferred.	2,465	-	(2,465)	-	-
Accretion to Redemption Value for 8% Preferred.	134	-	(134)	-	-
Additional Minimum Pension Liability.	-	-	-	-	(5,434)
Balance, December 31, 1993.	46,916	255	764,274	(38,549)	(5,434)
Net Loss.	-	-	-	(613,342)	-
Restricted Stock Grant to Employees	-	12	20,004	-	(20,016)
Amortization of Restricted Stock Grants	-	-	-	-	5,503
Accumulated Unpaid Dividends:					
8% Cumulative Redeemable Preferred	1,468	-	(1,468)	-	-
12% Cumulative Redeemable Preferred.	4,000	-	(4,000)	-	-
Accretion to Redemption Value for 8% Preferred.	222	-	(222)	-	-
Additional Minimum Pension Liability.	-	-	-	-	(1,115)
Unrealized Loss on Marketable Equity Securities	-	-	-	-	(2,218)
Forfeiture of Restricted Class B Stock.	-	-	(206)	-	206
Balance, December 31, 1994.	\$ 52,606	\$267	\$ 778,382	\$ (651,891)	\$(23,074)

CONTINENTAL AIRLINES, INC.
CONSOLIDATED STATEMENTS OF REDEEMABLE AND NONREDEEMABLE
PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY (DEFICIT)
NUMBER OF SHARES

	Redeemable Preferred Stock	Nonredeemable Preferred Stock	Class A Common Stock	Class B Common Stock	Other Common Stock	Treasury Stock
Balance, December 31, 1991.	30,139	53,080,830	-	-	46,745,170	597,539
Conversion of 6-3/4% Nonredeemable Preferred to Common.	-	384,091	-	-	256,042	-
Balance, December 31, 1992.	30,139	53,464,921	-	-	47,001,212	597,539
Conversion of 6-3/4% Nonredeemable Preferred to Common.	-	(2,550)	-	-	1,700	-
Reorganization Items:						
Cancellation of Stock.	(30,139)	(53,462,371)	-	-	(47,002,912)	(597,539)
Issuance of Stock in Connection with Emergence from Bankruptcy.	471,000	-	6,013,216	11,422,773	-	-
Issuance of Stock in Connection with Public Offering	-	-	-	8,086,579	-	-
Balance, December 31, 1993.	471,000	-	6,013,216	19,509,352	-	-
Conversion of Class B to Class A by Air Canada.	-	-	287,840	(287,840)	-	-
Restricted Stock Grant to Employees	-	-	-	1,182,000	-	-
Forfeiture of Restricted Class B Stock.	-	-	-	-	-	30,000
Balance, December 31, 1994.	471,000	-	6,301,056	20,403,512	-	30,000

CONTINENTAL AIRLINES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Continental Airlines, Inc. (the "Company", the "Reorganized Company" or "Continental") is the successor to Continental Airlines Holdings, Inc. (together with its subsidiaries "Holdings" or the "Predecessor Company") and Continental Airlines, Inc. On December 3, 1990, Continental and Holdings and all their wholly owned domestic subsidiaries filed voluntary petitions to reorganize under Chapter 11 of the federal bankruptcy code. The Companies' consolidated Plan of Reorganization was confirmed on April 16, 1993 and became effective on April 27, 1993 (the "Reorganization"). On such date, Holdings merged with and into Continental. System One Information Management, Inc. ("System One"), which had been a subsidiary of Holdings, was reorganized as a subsidiary of Continental. Because consolidated Continental (as reorganized) includes

System One and other businesses that had been consolidated with Holdings prior to April 27, 1993 (but not with pre-reorganization Continental), the discussion herein includes references to Holdings' consolidated financial statements for periods prior to April 27, 1993. On April 27, 1993, Continental adopted fresh start reporting in accordance with the American Institute of Certified Public Accountants' Statement of Position 90-7 - "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7"), which resulted in adjustments to the Company's common stockholders' equity and the carrying values of assets and liabilities. Accordingly, the Company's post-reorganization balance sheet and statements of operations have not been prepared on a consistent basis of accounting with the pre-reorganization balance sheet and statements of operations. For accounting purposes, the inception date for the Reorganized Company is deemed to be April 28, 1993. A vertical black line is shown in the consolidated financial statements to separate Continental from the Predecessor Company since they have not been prepared on a consistent basis of accounting.

NOTE 1 - LIQUIDITY

During the fourth quarter of 1994, the Company determined that a new strategic plan, the Go Forward Plan, was needed to return the Company to profitability and strengthen its balance sheet. As part of the Company's Go Forward Plan, in January 1995, the Company commenced a series of initiatives designed to improve liquidity in 1995 and 1996. The major liquidity elements of this plan include (i) rescheduling principal amortization under the Company's loan agreements with its primary secured lenders (representing approximately \$599.4 million of the Company's outstanding long-term debt at December 31, 1994), (ii) restructuring the Company's commitments to purchase new Boeing aircraft and related engines, (iii) deferring or reducing cash requirements associated with certain existing aircraft, (iv) reducing the Company's lease commitments at Denver International Airport ("DIA") and (v) evaluating the potential disposition of non-core assets. As discussed below, under agreements in principle and binding agreements reached through April 12, 1995, the Company has improved its liquidity by an estimated \$231 million in 1995 and \$221 million in 1996. This achieves roughly 75% of the Go Forward Plan liquidity goal.

On March 31, 1995 the Company signed agreements with The Boeing Company ("Boeing") and certain engine manufacturers to defer substantially all aircraft deliveries that had been scheduled for 1996 and 1997. Five Boeing 767 aircraft that had been scheduled for delivery to Continental in 1995 have been sold to a third party. They have been replaced by five Boeing 767's which Continental will take delivery of starting in 1998. Options to purchase additional aircraft have been canceled. On March 30, 1995 Continental amended its principal secured loan agreements with General Electric Capital Corporation and affiliates (collectively, "GE Capital") and General Electric Company (collectively, the "Lenders") to defer 1995 and 1996 principal payments and amended certain of its operating lease agreements with one of the Lenders to defer 1995 rental obligations. Continental agreed, among other things, to obtain concessions from certain aircraft lessors. Continuing deferrals of these principal and operating lease payments will be suspended if specified portions of such concessions are not obtained by May 31 and June 30, 1995 or if other covenants are not complied with. If the required concessions are obtained at a later date, the deferrals will resume. As discussed immediately below, the Company has reached agreements with some of these lessors and is in negotiations with the remaining lessors. The Company anticipates that it will be successful in timely obtaining the required concessions. These agreements with Boeing, the engine manufacturers and the Lenders will improve the Company's 1995 and 1996 liquidity by approximately \$167 million and \$161 million, respectively.

In connection with the Go Forward Plan, the Company is retiring from service 24 less efficient widebody aircraft during 1995. In February 1995, the Company began paying market rentals, which are significantly less than contractual rentals on these aircraft, and began ceasing all rental payments as the aircraft are removed from service. In addition, in February 1995 Continental reduced its rental payments on an additional 11 widebody aircraft leased at significantly above-market rates. The Company began negotiations in February 1995 with the relevant lessors of the 35 widebody aircraft to amend the lease repayment schedules or provide, effective February 1, 1995, alternative compensation, which could include debt securities convertible into equity, in lieu of current cash payments. As of April 12, 1995, the Company had entered into agreements or agreements in principle with lessors of 16 of these aircraft that will improve the Company's liquidity by an estimated \$44 million and \$40 million in 1995 and 1996, respectively.

On April 10, 1995, the Denver City Council approved an agreement among the City and County of Denver (the "City"), the Company and certain signatory airlines amending the Company's lease of facilities at DIA by reducing the Company's lease term to five years, reducing to 10 the number of gates (and reducing associated space) leased by the Company and making certain changes in the rates and charges under the lease. The agreement also provides for the release of certain claims and the settlement of certain litigation filed by the City against the Company. See Note 13. The agreement is expected to result in annual reduction in costs to the Company of approximately \$20 million over the life of the lease.

Continental and System One are currently negotiating a series of transactions whereby the existing systems management agreement between System One and Electronic Data System ("EDS") would be terminated and a substantial portion of the assets (including the travel agent subscriber base and travel-related information management products and services ("IMS") software) and certain liabilities of System One would be transferred to a newly formed limited liability company ("New S1") that would be owned equally by System One (which will remain a wholly owned subsidiary of Continental), EDS and AMADEUS, a European computerized reservation system ("CRS"). Substantially all of System One's remaining assets (including the CRS software) and liabilities would be transferred to AMADEUS. In addition to retaining a one-third interest in New S1, System One would receive cash proceeds and an equity interest in AMADEUS and the outstanding indebtedness of System One owed to each of EDS and Continental would be repaid. New S1 would market the AMADEUS CRS and would continue to develop, market and distribute travel-related IMS. These transactions, which are expected to result in a gain, are anticipated to close in the second quarter of 1995.

Continental's failure to make required payments to the Lenders, the City and County of Denver and certain aircraft lessors as described above constituted events of default under the respective agreements with such parties. The agreements reached through April 12, 1995 with the Lenders, the City and County of Denver and two aircraft lessors have cured the defaults under their respective agreements. As of April 12, 1995, defaults under the remaining widebody aircraft leases were continuing due to the nonpayment of rents, which could entitle the lessors to pursue contractual remedies, including seeking to take possession of the leased aircraft. As of April 12, 1995, the Company is in negotiations with these remaining lessors and has received proposals from lessors representing a majority of the Company's agreements currently in default. The Company believes it will be able to successfully conclude the remaining negotiations and thus avoid any material adverse effect on the Company. In addition, under "cross default" provisions, the payment defaults create defaults under a significant number of Continental's other lease and debt agreements, and the Company's obligations under the agreements subject to such cross defaults are also eligible to be accelerated. However, in the opinion of the Company, it is unlikely that lessors or creditors will exercise remedies under cross default provisions because (i) the Company is making all required contractual payments under the applicable agreements, (ii) the contractual payments on a substantial majority of aircraft leases are at current market rates, (iii) taking possession of the aircraft would cause the lessors or lenders to incur remarketing costs, and (iv) exercise of remedies could expose lessors and lenders to "lender liability" litigation. Additionally, the Company has made substantial progress in negotiations with lenders and lessors to cure the payment defaults and expects to complete all such negotiations by June 30, 1995, and as a result all events of default, including cross defaults, should be eliminated. Consequently, the Company does not expect the cross defaults to have a material adverse effect on the Company.

As a result of the Federal Aviation Administration ("FAA") Airworthiness Directive which forced the partial grounding of the Company's ATR commuter fleet in late 1994 and early 1995, the Company withheld January and February lease payments totaling \$7 million on those ATR aircraft leased by the manufacturer. The Company's non-payment of rentals may have resulted in an event of default under the related lease agreements with ATR. As of April 12, 1995, the Company was engaged in discussions with ATR concerning compensation, if any, to be received by the Company as a result of the grounding, and the Company had received a proposal from ATR that, if accepted, would cure the payment default. In addition because of a decrease in the value of certain collateral, the Company may have been in default under the debt agreement relating to the financing of the Company's Los Angeles International Airport ("LAX") maintenance facility. At March 31, 1995 the principal balance of the applicable obligation was approximately \$64 million and at April 12, 1995, the Company was in negotiations with the creditor. As a result of the progress in the ATR and LAX maintenance facility negotiations, the Company does not anticipate that the foregoing matters will have a material adverse effect on the Company.

The Company has no current plans to take other actions in the future that would constitute additional events of default.

As a result of the defaults and cross-defaults described above that were continuing at April 12, 1995, approximately \$489.9 million of the Company's long-term debt and capital lease obligations were classified as debt and capital leases in default within current liabilities as of December 31, 1994. While the Company does not believe it is probable that it will be required to fund such defaulted obligations in the next twelve months, generally accepted accounting principles require that such defaulted obligations be classified as current liabilities at December 31, 1994. In addition, certain operating leases with remaining aggregate rentals of \$1.4 billion as of December 31, 1994 were in default or cross default at April 12, 1995. See Notes 5 and 6.

NOTE 2 - PREDECESSOR COMPANY CHAPTER 11 REORGANIZATION

On April 16, 1993, the United States Bankruptcy Court for the District of

Delaware (the "Bankruptcy Court") confirmed the Plan of Reorganization of Holdings and all its subsidiaries that had filed for Chapter 11 reorganization, including, among others, Continental, System One and Chelsea Catering Corporation ("Chelsea") (collectively, the "Debtors"). The Reorganization became effective on April 27, 1993 (the "Effective Date"). The Reorganization resolved several large contingent claims that had burdened the Company. Such claims and contingencies included the Company's liability to the Pension Benefit Guaranty Corporation (the "PBGC") related to pension plans previously maintained by Eastern Air Lines, Inc. ("Eastern") (the "PBGC Settlement") and the Company's potential liability to Eastern (or its creditors) as a result of certain transactions entered into with Eastern prior to 1989. Certain of Eastern's former employees continue to assert claims against the Company, including demands that former Eastern pilots be integrated into Continental's work force.

Pursuant to the Reorganization, pre-existing equity interests of the Company were cancelled, the Company's obligations to other prepetition creditors were restructured and general unsecured nonpriority prepetition creditors became entitled, in full satisfaction of their claims, to share in \$6,523,952 of cash and fixed pools of Class A Common Stock ("Class A") and Class B Common Stock ("Class B") of the Reorganized Company.

Pursuant to the Reorganization, on the Effective Date, all of the Debtors other than Continental were merged with and into Continental. Continental capitalized two wholly owned subsidiaries, Continental Express, Inc. ("Express") and System One, which continue the commuter airline and computer reservations and related businesses, respectively, of certain of the Debtors, by transferring certain assets and liabilities to such subsidiaries. Also, on the Effective Date, Continental transferred the assets of its Continental/Air Micronesia division to Continental Micronesia, Inc. ("CMI"), an indirect subsidiary 91.0%-owned by Continental which continues Continental's western Pacific operations.

As part of the Reorganization and an Investment Agreement dated November 12, 1992, as amended, between Continental, Holdings, Air Partners, L.P. ("AP") and Air Canada ("AC"), on the Effective Date (i) AP purchased for an aggregate of \$55 million (less certain fees) 2,740,000 shares of Class A and 2,260,000 shares of Class B and warrants to purchase an aggregate of 1,519,734 additional shares of Class A and 3,382,632 additional shares of Class B; (ii) AC purchased for an aggregate of \$55 million (less certain fees) 1,373,216 shares of Class A and 3,626,784 shares of Class B and warrants to purchase an aggregate of 1,367,880 additional shares of Class A and 4,849,755 additional shares of Class B; (iii) enRoute Enterprises USA Inc., an indirect wholly owned subsidiary of AC, purchased 300,000 shares of Continental's 12% Cumulative Preferred Stock ("12% Preferred Stock") for \$30 million; (iv) Continental issued to itself, as Distribution Agent, 1,900,000 shares of its Class A and 5,042,368 shares of its Class B for the benefit of general unsecured creditors under the Plan of Reorganization; (v) Continental issued 493,621 shares of Class B to the Master Trust for the Continental Airlines, Inc. Retirement Plan; and (vi) Continental issued to GE Capital, as commitment consideration for its loan to CMI, 171,000 shares of its newly-authorized 8% Cumulative Preferred Stock ("8% Preferred Stock"). As a result of such issuances, as of April 27, 1993, AC had 28.7% of the equity interest and 24.3% of the voting power and AP had 28.7% of the equity interest and 41.5% of the voting power of Continental without giving effect to the warrants.

Nonoperating reorganization items recorded by the Predecessor Company consisted of the following (in millions):

	Period from January 1, 1993 through April 27, 1993	1992
Reorganization Costs:		
Professional fees	\$ 58.6	\$30.0
Interest income	(4.5)	(15.3)
Rejected aircraft agreements	153.3	6.7
Other	33.9	10.1
Revaluation of Assets and Liabilities:		
Fair market value adjustments	719.1	-
Write off of deferred gains on sale/leaseback transactions	(218.6)	-
Other	76.8	-
	\$818.6	\$31.5

NOTE 3 - FRESH START REPORTING

In connection with its emergence from bankruptcy on April 27, 1993, Continental adopted fresh start reporting in accordance with SOP 90-7. The fresh start reporting common equity value of \$615 million was determined by the Company with the assistance of its financial advisors. The significant factors used in the determination of this value were analyses of publicly available information of other companies believed to be comparable to the Company, industry, economic and overall market conditions and historical

and estimated performance of the airline industry; discussions with various potential investors; and certain financial analyses, including discounted future cash flows.

Under fresh start reporting, the reorganization value of the entity has been allocated to the Reorganized Company's assets and liabilities on a basis substantially consistent with the purchase method of accounting. The portion of reorganization value not attributable to specific tangible or identifiable intangible assets of the Reorganized Company has been reflected as "Reorganization Value in Excess of Amounts Allocable to Identifiable Assets" in the accompanying consolidated balance sheet as of December 31, 1993. The fresh start reporting adjustments, primarily related to the adjustment of the Company's assets and liabilities to fair market values, will have a significant effect on the Company's future statements of operations. The more significant adjustments relate to increased depreciation and amortization expense relating to aircraft, routes, gates and slots and reorganization value in excess of amounts allocable to identifiable assets; reduced aircraft rent expense; and increased interest expense.

The effects of the Plan of Reorganization and fresh start reporting on the Company's consolidated balance sheet as of April 27, 1993 are as follows (in thousands):

ASSETS	Predecessor Company's Balance Sheet April 27, 1993	Debt Discharge (a)	Issuance of Debt and Stock (b)	Fresh Start Adjustments (c)	Reorganized Company's Balance Sheet April 27, 1993
Current Assets:					
Cash and cash equivalents	\$ 377,102	\$ -	\$389,038	\$ -	\$ 766,140
Accounts receivable, net	459,024	-	-	-	459,024
Spare parts and supplies, net.	194,679	-	-	(23,440)	171,239
Prepayments and other	94,271	-	-	(209)	94,062
Total current assets	1,125,076	-	389,038	(23,649)	1,490,465
Property and Equipment, net	1,907,819	-	-	(467,553)	1,440,266
Other Assets:					
Routes, gates and slots	-	-	-	1,712,000	1,712,000
Reorganization value in excess of amounts allocable to identifiable assets	-	-	-	349,403	349,403
Other assets	73,414	-	15,995	(1,628)	87,781
Total other assets	73,414	-	15,995	2,059,775	2,149,184
Total Assets	\$3,106,309	\$ -	\$405,033	\$1,568,573	\$5,079,915

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	Predecessor Company's Balance Sheet April 27, 1993	Debt Discharge (a)	Issuance of Debt and Stock (b)	Fresh Start Adjustments (c)	Reorganized Company's Balance Sheet April 27, 1993
Current Liabilities:					
Current maturities of long-term debt	\$ 104,705	\$ 70,306	\$(40,000)	\$ 185	\$ 135,196
Current maturities of capital leases	590	29,851	-	-	30,441
Accounts payable	564,421	20,898	-	9,806	595,125
Air traffic liability	686,551	-	-	-	686,551
Accrued payroll and pensions	164,945	16,170	-	11,007	192,122
Accrued other liabilities	264,988	75,216	(3,952)	129,107	465,359
Total current liabilities	1,786,200	212,441	(43,952)	150,105	2,104,794
Estimated Liabilities Subject to Chapter 11 Reorganization Proceedings					
	3,859,715	(3,859,715)	-	-	-
Long-term Debt	268,119	806,647	310,000	(31,233)	1,353,533
Capital Leases	24,033	277,970	-	(758)	301,245
Deferred Credits and Other Long-Term Liabilities:					
Deferred income taxes	-	-	-	100,000	100,000
Deferred credit related to Eastern	1,056,496	(1,056,496)	-	-	-
Deferred credit - operating leases	-	-	-	329,546	329,546
Other	254,340	430	-	(44,458)	210,312
Total deferred credits and other long-term liabilities	1,310,836	(1,056,066)	-	385,088	639,858
Minority Interest	-	-	-	22,100	22,100

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	Predecessor Company's Balance Sheet April 27, 1993	Debt Discharge (a)	Issuance of Debt and Stock (b)	Fresh Start Adjustments (c)	Reorganized Company's Balance Sheet April 27, 1993
Redeemable Preferred Stock	\$ 101,938	\$ -	\$ 43,385	\$ (101,938)	\$ 43,385
Nonredeemable Preferred Stock and Common Stockholders' Equity (Deficit):					
Series C convertible preferred stock	204	-	-	(204)	-
6-3/4% cumulative convertible junior preferred stock	65	-	-	(65)	-
Class A common stock	-	-	60	-	60
Class B common stock	-	-	114	-	114
Common stock	470	-	-	(470)	-
Additional paid-in capital	1,094,811	-	109,900	(589,885)	614,826
Retained earnings (deficit) . . .	(5,328,058)	3,618,723	(14,474)	1,723,809	-
Common treasury stock	(12,024)	-	-	12,024	-
Total nonredeemable preferred stock and common stockholders' equity (deficit)	(4,244,532)	3,618,723	95,600	1,145,209	615,000
Total Liabilities and Stockholders' Equity (Deficit)	\$3,106,309	\$ -	\$405,033	\$1,568,573	\$5,079,915

- (a) To record the discharge or reclassification of prepetition obligations (Estimated Liabilities Subject to Chapter 11 Reorganization Proceedings) pursuant to the Reorganization. Substantially all of these obligations are only entitled to receive such distributions of cash and common stock as provided under the Reorganization. A portion of Estimated Liabilities Subject to Chapter 11 Reorganization Proceedings was restructured and will continue, as restructured, to be liabilities of the Reorganized Company.
- (b) To record proceeds received from issuance of new debt and equity securities and the pay down of the Company's revolving credit facility with The Chase Manhattan Bank, N.A. ("Chase").
- (c) To record adjustments to reflect assets and liabilities at fair market value (including the establishment of Reorganization Value in Excess of Amounts Allocable to Identifiable Assets), the establishment of the Reorganized Company's equity value of \$615 million through the cancellation of the Predecessor Company's equity and establishment of the minority interest.

NOTE 4 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation -

The consolidated financial statements of the Reorganized Company include the accounts of Continental and its wholly owned operating subsidiaries, System One and Express, as well as CMI. The minority interest holder of CMI has rights to acquire the minimum number of additional shares of CMI necessary to cause Continental's equity interest to decline below 80.0% if certain events relating to the defined benefit plans of Continental occur. The consolidated financial statements of the Predecessor Company include the accounts of Holdings and its wholly owned operating subsidiaries, Continental, System One and Chelsea.

The companies operate within the air transportation industry. All significant intercompany transactions have been eliminated in consolidation.

(b) Cash and Cash Equivalents -

Cash and cash equivalents consist of cash and short-term, highly liquid investments which are readily convertible into cash and have original maturities of three months or less. Approximately \$118.7 million and \$102.4 million of cash and cash equivalents at December 31, 1994 and December 31, 1993, respectively, were held in restricted arrangements relating primarily to payments for workers' compensation claims and in accordance with the terms of certain other agreements.

(c) Spare Parts and Supplies -

Flight equipment expendable parts and supplies were recorded at fair market values (which approximated average cost) as of April 27, 1993; subsequent purchases are valued at average cost. An allowance for obsolescence for flight equipment expendable parts and supplies is accrued to allocate the costs of these assets, less an estimated residual value, over the estimated useful lives of the related aircraft and engines.

(d) Property and Equipment -

Property and equipment were recorded at fair market values as of April 27, 1993; subsequent purchases are valued at cost and are depreciated to estimated residual values over their estimated useful

lives using the straight-line method. Estimated useful lives for such assets are 15 to 28 years from date of manufacture for all owned jet and certain commuter aircraft; 9 to 21 years, depending on the lease period, for aircraft acquired under long-term capital leases; and 2 to 25 years for other property and equipment, including airport facility improvements. Effective April 27, 1993, Continental revised the estimated useful lives of its Stage III aircraft from 28 years from date of manufacture to 25 years.

(e) Intangible Assets -

Routes are amortized on a straight-line basis over 40 years, gates over the stated term of the related lease and slots over 20 years. Routes, gates and slots are comprised of the following (in millions):

	Balance at December 31, 1994	Accumulated Amortization at December 31, 1994
Routes	\$ 967.2	\$41.4
Gates	470.5	40.5
Slots	153.4	14.7
	\$1,591.1	\$96.6

Reorganization value in excess of amounts allocable to identifiable assets is amortized on a straight-line basis over 20 years. The carrying value of intangible assets is reviewed if the facts and circumstances suggest that it may be impaired. If this review indicates that the Company's intangible assets will not be recoverable, as determined based on the undiscounted cash flows over the remaining amortization period, the Company's carrying value of the intangible assets is reduced by the estimated shortfall of cash flows.

(f) Air Traffic Liability -

Passenger revenues are recognized when transportation is provided rather than when a ticket is sold. The amount of passenger ticket sales not yet recognized as revenue is reflected in the accompanying consolidated balance sheets as air traffic liability. The Company performs periodic evaluations of this estimated liability, and any adjustments resulting therefrom, which can be significant, are included in results of operations for the periods in which the evaluations are completed. In the third quarter of 1993, the Company recorded an adjustment to increase passenger revenues by \$75 million as a result of completion of a periodic evaluation.

Continental sponsors a frequent flyer program ("OnePass") and records an estimated liability for the incremental cost associated with providing the related free transportation at the time a free travel award is earned. The liability is adjusted periodically based on awards earned and awards redeemed.

(g) Passenger Traffic Commissions -

Passenger traffic commissions are recognized as expense when the transportation is provided and the related revenue is recognized. The amount of passenger traffic commissions not yet recognized as expense is included in prepayments and other in the accompanying consolidated balance sheets.

(h) Deferred Income Taxes -

Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting carrying amounts of assets and liabilities and the income tax amounts.

(i) Deferred Credit - Aircraft Operating Leases -

Aircraft operating leases were adjusted to fair market value at April 27, 1993. The net present value of the difference between the stated lease rates and the fair market rates has been recorded as a deferred credit in the accompanying consolidated balance sheets. The deferred credit is increased through charges to interest expense and decreased on a straight-line basis as a reduction in rent expense over the applicable lease periods, generally one to 15 years.

(j) Maintenance and Repair Costs -

Maintenance and repair costs for owned and leased flight equipment, including the overhaul of aircraft components, are charged to operating expense as incurred.

(k) Petroleum Option Contracts -

Gains on petroleum option contracts are recognized as a component of fuel expense when the underlying fuel being hedged is used.

(l) Earnings (Loss) per Share -

Earnings (loss) per common share computations are based upon earnings (loss) applicable to common shares and the average number of shares of common stock and dilutive common stock equivalents (stock options, warrants and restricted stock) outstanding. The number of shares used in the computation for the year ended December 31, 1994 and the period April 28, 1993 through December 31, 1993 was 26,056,897 and 18,022,918, respectively. Preferred stock dividend requirements (including additional dividends on unpaid dividends) and accretion to redemption value on preferred stock increased the net loss for this computation by approximately \$5.7 million and \$3.5 million for the year ended December 31, 1994 and for the period April 28, 1993 through December 31, 1993, respectively. On the Effective Date, all of the outstanding common and preferred stock of Holdings was cancelled. Information regarding the earnings (loss) per share computation relating to the pre-reorganization stock is not comparable with data provided for Class A and Class B and is therefore not included.

(m) Reclassifications -

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

NOTE 5 - LONG-TERM DEBT

Continental's long-term debt was recorded at fair market value at April 27, 1993. The fair market value adjustment is amortized to interest expense over the life of the debt. Long-term debt as of December 31 is summarized as follows (in millions of dollars):

	1994	1993
Secured		
Notes payable to GE Capital and affiliates, interest rates of 8.64% to 12.0% and floating interest rates of LIBOR plus 4.0%, payable through 2005	\$ 599.4	\$ 603.1
Notes payable, interest rates of 5.84% to 18.38% (imputed interest rates approximate stated interest rates), payable through 2005.	274.6	276.7
Notes payable, interest rates of 6% to 12.25% (imputed interest rates of 7.86% to 9.9%), payable through 2008	278.2	332.5
Floating rate notes, interest rates of prime plus 0.5% to 3.05% and LIBOR plus 0.75% to 3.75% and Eurodollar plus 0.75%, payable through 2007	148.9	159.1
Other	15.2	18.0
Unsecured		
Notes payable, interest rates of 6.94% to 12% (imputed interest rates 16.3% to 21.8%), payable through 2005	112.4	181.6
Other	9.5	1.6
	1,438.2	1,572.6
Less: debt in default.	264.7	-
Less: current maturities	126.2	176.2
Less: fair market value adjustment	9.1	26.5
Total	\$1,038.2	\$1,369.9

Substantially all of Continental's property, equipment and spare parts and supplies are subject to agreements securing indebtedness of Continental.

Continental has various loan and lease obligations with GE Capital which were renegotiated in March 1995. In addition, the Company is in default under various loan agreements. See Note 1.

Continental and CMI have various loan agreements containing significant financial covenants including, among other things, minimum cash balance requirements, consolidated net worth requirements, restrictions on the payment of dividends, restrictions on new borrowings and mandatory prepayments upon sale of certain assets. As of December 31, 1994, CMI had a minimum cash balance requirement of \$23.7 million, net assets of \$286.7 million and was restricted from paying dividends in excess of approximately \$48.7 million.

In December 1993, the Company obtained a \$50 million secured revolving credit facility, the proceeds from which must be used to finance certain aircraft purchase deposits. During 1994, Continental drew down approximately \$21.5 million and repaid a total of \$31.6 million of such facility. The revolving credit agreement contains a financial covenant relating to minimum cash balance requirements and is collateralized by certain accounts receivable and the related aircraft agreements.

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

Year ending December 31,	
1995.	\$175.3
1996.	156.3
1997.	188.1
1998.	168.3
1999.	176.9

As of December 31, 1994 and 1993, the prime, LIBOR and Eurodollar rates associated with Continental's indebtedness approximated 8.5% and 6.0%, 6.5% and 3.4%, and 6.3% and 4.0%, respectively.

NOTE 6 - LEASES

Continental leases certain aircraft and other assets under long-term lease arrangements. Other leased assets include real property, airport and terminal facilities, sales offices, maintenance facilities, training centers and general offices. Most leases also include renewal options and some aircraft leases include purchase options.

At December 31, 1994, the scheduled future minimum lease payments under capital leases and the scheduled future minimum lease rental payments required under aircraft and engine operating leases that have initial or remaining noncancellable lease terms in excess of one year are as follows (in millions):

Year ended December 31,	Capital Leases	Operating Leases*
1995.	\$ 93.5	\$ 586.4
1996.	94.9	551.1
1997.	89.9	492.7
1998.	83.0	434.2
1999.	79.3	396.2
Later years	160.2	2,578.4
Total minimum lease payments.	600.8	\$5,039.0
Less: amount representing interest	185.5	
Present value of capital leases	415.3	
Less: capital lease obligations in default	225.1	
Less: current maturities of capital leases	25.8	
Long-term capital leases.	\$164.4	

* These amounts have not been reduced to reflect the Company's fresh start-related revaluation of leases to fair market value as of April 27, 1993 (see Note 4(i)).

In March and April 1995, the Company successfully completed negotiations with lessors of 11 narrowbody aircraft and 16 widebody aircraft which resulted in the deferral of payments due in 1995 and 1996 to later years. Such deferrals are not reflected in the tables above. Operating leases with remaining lease payments of \$1.4 billion as of December 31, 1994 are in default as of April 12, 1995. Scheduled repayments have not been adjusted in the above table. See Note 1.

Not included in the above operating lease table is approximately \$240 million in annual minimum lease payments relating to non-aircraft leases, principally airport and terminal facilities and related equipment. See Note 1 for a discussion of the Denver lease.

The Company's total rental expense for all operating leases, net of sublease rentals, was \$674.6 million, \$666.2 million and \$645.9 million in 1994, 1993 and 1992, respectively.

As of December 31, 1994, Continental remains contingently liable on \$202.1 million of long-term lease obligations of USAir, Inc. ("USAir") related to the East End Terminal at LaGuardia. In the event USAir defaults on such obligations, Continental may be required to cure the default, at which time it would have the right to reoccupy the terminal.

NOTE 7 - FINANCIAL INSTRUMENTS

(a) Cash equivalents -

Cash equivalents consist primarily of commercial paper with maturities of three months or less and approximate fair value due to the short maturity of three months or less.

(b) Investment in Marketable Equity Securities -

Continental's investment in America West is classified as available-for-sale and carried at aggregate market value of \$16.6 million at December 31, 1994. An unrealized loss of \$2.2 million representing the excess of cost over market value is reflected in stockholders' equity.

(c) Petroleum Option Contracts -

The Company enters into petroleum option contracts to protect against a sharp increase in jet fuel prices. These option contracts generally cover the Company's forecasted jet fuel needs for the next three to six months. At December 31, 1994, the Company had options outstanding with an aggregate contract value of approximately \$140 million. At December 31, 1994, the fair value of the option contracts was immaterial as the strike price under these contracts exceeded the current spot rate. During the year ended December 31, 1994, option hedging activities reduced fuel expense by approximately \$2.2 million, net of the premiums associated with these options.

The Company is exposed to credit loss in the event of nonperformance by the counterparty on the petroleum option contracts, however, the Company does not anticipate nonperformance by this counterparty. The amount of such exposure is generally the unrealized gains, if any, on such option contracts.

(d) Debt -

The fair value of the Company's debt with a carrying value of \$1.34 billion and \$1.53 billion as of December 31, 1994 and December 31, 1993, respectively, estimated based on the discounted amount of future cash flows using the current incremental rate of borrowing for a similar liability or quoted market prices, approximates \$1.29 billion and \$1.56 billion, respectively. The fair value of the remaining debt (with a carrying value of approximately \$84.4 million and \$53.1 million, respectively, and primarily relating to modification notes) was not practicable to estimate due to the large number and small dollar amounts of these notes.

NOTE 8 - PREFERRED AND COMMON STOCK

On the Effective Date, all of the then outstanding equity securities of the Predecessor Company were cancelled, including all outstanding common and preferred stock of Continental and Holdings. Continental's Restated Certificate of Incorporation authorizes the issuance of 10 million shares of preferred stock, 50 million shares each of Class A, Class C Common Stock ("Class C") and Class D Common Stock ("Class D") and 100 million shares of Class B.

Redeemable Preferred Stock

Pursuant to the Plan of Reorganization and the Investment Agreement, newly authorized shares of redeemable preferred stock were issued. Redeemable preferred stock consists of the following:

	December 31, 1994	December 31, 1993
	(millions)	
12% Preferred Stock, 1,000,000 shares authorized, 300,000 shares issued and outstanding, redemption value - \$36,465,154 and \$32,465,055, respectively	\$36.5	\$32.5
8% Preferred Stock, 171,000 shares authorized, issued and outstanding, redemption value - \$19,500,450 and \$18,032,270, respectively.	16.1 \$52.6	14.4 \$46.9

Holders of 12% Preferred Stock and 8% Preferred Stock are entitled to receive, when and if declared by the Board of Directors (the "Board") out of legally available funds of the Company, cumulative dividends payable quarterly in cash at an annual rate of \$12 and \$8 per share for 12% Preferred Stock and 8% Preferred Stock, respectively. To the extent net income, as defined, for any calendar quarter is less than the amount of dividends due on all outstanding shares of 12% Preferred Stock for such quarter, the Board may declare dividends payable in additional shares of 12% Preferred Stock in lieu of cash. At any time, the Company may redeem, in whole or in part, on a pro rata basis among the stockholders, any outstanding shares of 12% Preferred Stock or 8% Preferred Stock. All outstanding shares of both series of preferred stock are mandatorily redeemable on April 27, 2003 out of legally available funds. In each case, the redemption price is \$100 per share plus accrued unpaid dividends. Neither series of preferred stock is convertible into shares of common stock and neither series has voting rights, except under limited circumstances. The 8% Preferred Stock ranks pari passu with the 12% Preferred Stock as to payment of dividends and liquidation. As of December 31, 1994, the Company had approximately \$8.9 million of dividends on its preferred stock in arrears.

The Company recorded a \$222,000 and \$134,000 charge against additional paid-in capital related to the accretion of the difference between redemption value and fair market value at date of issuance for the 8% Preferred Stock for the year ended December 31, 1994 and for the period

from April 28, 1993 through December 31, 1993, respectively.

Common Stock

Continental has two classes of common stock outstanding, Class A and Class B. Holders of shares of Class A and Class B are entitled to receive dividends when and if declared by the Board. Each share of Class A is entitled to 10 votes per share and each share of Class B is entitled to one vote per share. Pursuant to a stockholders' agreement, AC and AP have agreed to vote their shares for the election of six directors nominated by AC, six directors nominated by AP and six directors not affiliated with AP or AC. AC has the right, subject to foreign ownership restrictions, to convert shares of Class B into shares of Class A. Also, AC has the limited right, in certain circumstances, to convert its Class A into Class C and AP has the limited right, in certain circumstances, to convert its Class A into Class D. No person may hold or own Class C or Class D stock, respectively, other than AC and certain of its affiliates or AP and certain of its affiliates. The Class C and Class D common stock, if issued, would preserve the rights of each of AC and AP, respectively, to elect six directors to the Company's Board in certain circumstances, including a sale by the other party of its stock.

On December 14, 1993, the Company sold 8,086,579 shares of Class B common stock in an underwritten public offering realizing net proceeds of approximately \$153.1 million. In January 1994, AC converted 287,840 shares of Class B into an equal number shares of Class A to preserve its percentage of total voting power. In July 1994, 1,000,000 shares of restricted Class B were granted and issued to substantially all employees at or below the manager or equivalent level and 182,000 shares of restricted Class B were granted and issued to key officers. See Note 9. As of December 31, 1994, AC had 18.7% of the equity interest and 23.9% of the voting power and AP had 18.7% of the equity interest and 35.6% of the voting power.

Warrants

The Company has outstanding 11,120,001 Class A Warrants and Class B Warrants (collectively, the "Warrants") of which 4,902,366 Warrants are held by AP and 6,217,635 Warrants are held by AC. Each Warrant entitles the holder to purchase one share of Class A or Class B. The Warrants are exercisable as follows: (i) 7,413,334 Warrants (1,964,534 Class A Warrants and 5,448,800 Class B Warrants) have an initial exercise price of \$15 per share, and (ii) 3,706,667 Warrants (923,080 Class A Warrants and 2,783,587 Class B Warrants) have an initial exercise price of \$30 per share. The warrants expire on April 27, 1998.

NOTE 9 - STOCK PLANS AND AWARDS

On March 4, 1994, the Board of Directors adopted the Continental Airlines, Inc. 1994 Employee Stock Purchase Plan (the "Stock Purchase Plan") effective July 1, 1994 and the Continental Airlines, Inc. 1994 Incentive Equity Plan (the "Incentive Plan"), which plans were approved by the stockholders of the Company at the annual stockholders' meeting on June 30, 1994.

Under the Company's Stock Purchase Plan, all full and part-time employees of the Company who are on the United States payroll may purchase shares of Class B at 85% of the lower of fair market value on the first or last business day of a calendar quarter. Subject to adjustment, a maximum of 4,000,000 shares of Class B are authorized for purchase under the Stock Purchase Plan. In January 1995, 118,069 shares of Class B were issued in connection with the Stock Purchase Plan.

Under the Incentive Plan, key officers and employees of the Company and its subsidiaries may be selected by the Human Resources Committee of the Board of Directors (the "Committee") to receive any or all of the following: stock options, restricted stock, long-term incentive awards and annual incentive awards subject to adjustment. The Incentive Plan also provides for each outside director to receive on the day following the annual stockholders meeting options to purchase 1,500 shares of Class B. Subject to adjustment, the number of shares of Class B that may be issued under the Incentive Plan will not in the aggregate exceed 2,300,000. The following table summarizes stock option transactions pursuant to the Company's Incentive Plan for the year ended December 31, 1994:

Granted*	2,111,000
Exercised	-
Cancelled	(265,000)
Outstanding at December 31, 1994.	1,846,000
Average option price per share:	
Options exercised.	-
Options outstanding at end of year	\$20.13
Options exercisable at end of year.	123,875

* The option price for all stock options is equal to 100% of the fair market value of Continental's common stock at the date of grant.

The stock options generally vest over a four-year period.

In addition, the Incentive Plan permits awards of restricted stock to participants, subject to one or more restrictions, including a restriction period and a purchase price, if any, to be paid by the participant, as determined by the Committee. The number of shares of common stock that may be granted or sold as restricted stock under the Incentive Plan may not in the aggregate exceed 300,000 shares of Class B. As of December 31, 1994, 152,000 shares of restricted stock were outstanding with no cost to the participants. These shares vest over a two-year period. During 1994, 30,000 shares were forfeited and returned to treasury stock. At December 31, 1994, 302,000 shares of common stock were available for future grants of stock options or restricted stock under the Incentive Plan. Additionally, on March 4, 1994, the Board approved a one-time grant of 1,000,000 shares of restricted stock to substantially all employees at or below the Manager level. These shares were issued at no cost to the employee and vest over a four-year period. Unvested shares of restricted stock are subject to certain transfer restrictions and forfeiture under certain circumstances. The unearned portion of restricted stock issued for future service, representing the fair market value of the stock on the date of award, is being amortized to wages, salaries and related costs over the vesting period.

The Board of Directors, on March 4, 1994, also approved a profit sharing program under which 15% of the Company's pre-tax earnings (before unusual or nonrecurring items) will be distributed each year to all employees on a pro rata basis according to base salary.

NOTE 10 - EMPLOYEE BENEFIT PLANS

The Company has noncontributory defined benefit pension and defined contribution (including 401(k) savings) plans. Substantially all domestic employees of the Company are covered by one or more of these plans. The benefits under the active defined benefit pension plan are based on years of service and an employee's final average compensation. Total pension expense for the defined benefit plans was \$50.7 million, \$52.1 million and \$36 million and total expense for the defined contribution plans was \$0.9 million, \$0.3 million and \$2.1 million for 1994, 1993 and 1992, respectively.

Net periodic pension cost of the Company's defined benefit plans for 1994, 1993 and 1992 included the following components (in millions):

	1994	Period from April 28, 1993 through December 31, 1993	Period from January 1, 1993 through April 27, 1993	1992
Service cost - benefits earned during the year	\$39.3	\$25.7	\$13.9	\$31.5
Interest cost on projected benefit obligations	38.9	22.6	8.9	21.2
Return on plan assets	14.0	(15.5)	(10.1)	(12.4)
Net amortization and deferral	(41.5)	1.0	5.6	(4.3)
Net periodic pension costs	\$50.7	\$33.8	\$18.3	\$36.0

In connection with the Reorganization, the Company recorded an additional liability of approximately \$146.1 million (not included in pension expense above) related to the grant of past service credit under the Company's retirement plan for domestic employees and the recognition of unamortized losses and costs. The following table sets forth the defined benefit plans' funded status amounts as of December 31, 1994 and 1993 (in millions):

	1994		1993	
	Accumulated Benefits Exceed Assets	Assets Exceed Accumulated Benefits	Accumulated Benefits Exceed Assets	Assets Exceed Benefits
Actuarial present value of benefit obligations:				
Vested	\$257.0	\$ 66.0	\$264.1	\$71.6
Non-vested	15.8	0.5	23.8	1.2
Accumulated benefit obligations	272.8	66.5	287.9	72.8
Effect of projected future				

salary increases	99.4	-	121.3	-
Projected benefit obligation.	372.2	66.5	409.2	72.8
Plan assets at fair value . .	209.7	75.5	201.7	84.6
Projected benefit obligation in excess of (less than)				
plan assets.	162.5	(9.0)	207.5	(11.8)
Unrecognized net gain (loss).	39.9	(7.4)	(20.1)	(2.3)
Additional minimum liability.	6.5	-	5.4	-
Accrued (prepaid) pension liability	\$208.9	\$(16.4)	\$192.8	\$(14.1)

In accordance with Statement of Financial Accounting Standards No. 87 "Employers' Accounting for Pensions", an additional minimum pension liability for certain plans, representing the excess of accumulated benefits over plan assets and accrued pension costs, was recognized at December 31, 1994 and 1993. A corresponding amount was recognized as a separate reduction to stockholders' equity.

Plan assets consist primarily of equity securities, long-term debt securities and short-term investments. Pursuant to the Reorganization, the PBGC Settlement and the Investment Agreement, on April 27, 1993, Continental issued 493,621 shares of Class B to the Master Trust for the Continental Airlines, Inc. Retirement Plan.

The weighted average discount rate used in determining the actuarial present value of the projected benefit obligation was 8.75%, 7.50% and 8.25% for 1994, 1993 and 1992, respectively. The expected long-term rate of return on assets (which is used to calculate the Company's return on pension assets for the current year) was 9.25%, 9.25% and 9.97% for 1994, 1993 and 1992, respectively. The weighted average rate of salary increases was 4.3%, 5.3% and 6.3% for 1994, 1993 and 1992, respectively. The unrecognized net gain (loss) are amortized on a straight-line basis over the average remaining service period of employees expected to receive a plan benefit.

Continental's policy is to fund the noncontributory defined benefit pension plans in accordance with Internal Revenue Service ("IRS") requirements as modified, to the extent applicable, by agreements with the IRS.

NOTE 11 - INCOME TAXES

Effective April 27, 1993, the Reorganized Company adopted the liability method of accounting for income taxes required by SFAS No. 109 (which was adopted January 1, 1993 by the Predecessor Company). Under the provisions of SFAS 109, the Company elected not to restate prior years' consolidated financial statements. The cumulative effect of initial adoption on prior years' retained earnings was not material. Additionally, as of January 1, 1993, the effect of the adoption of SFAS 109 upon income before income taxes was not material.

The reconciliation of income tax computed at the United States federal statutory tax rates to income tax benefit for the year ended December 31, 1994 and the period April 28, 1993 through December 31, 1993 are as follows (in millions):

	Amount		Percent	
	1994	1993	1994	1993
Income tax benefit at United States				
statutory rates.	\$(227.9)	\$(18.0)	(35.0)%	(35.0)%
State income tax benefit.	(19.6)	(2.5)	(3.0)	(4.9)
Amortization of reorganization value in excess of amounts allocable to identifiable assets.	6.1	4.8	0.9	9.4
Meals and entertainment disallowance. .	6.6	1.4	1.0	2.7
Impact of change in federal tax rates .	-	1.5	-	2.9
Net operating loss not benefitted . . .	192.6	-	29.6	-
Income tax benefit, net	\$ (42.2)	\$(12.8)	(6.5)%	(24.9)%

The significant component of the provision for income taxes for the year ended December 31, 1994 and the period April 28, 1993 through December 31, 1993 was a deferred tax benefit of \$42.2 million and \$12.8 million, respectively.

The provision for income taxes of the Predecessor Company for the period from January 1 through April 27, 1993 and for the year ended December 31, 1992 was \$2.1 million and \$0.5 million, respectively. The provision for income taxes of the Predecessor Company represents only state income taxes. Due to losses generated, there is no provision for federal income taxes for the period from January 1, 1993 through April 27, 1993 and for the year ended December 31, 1992.

The provision for income taxes for the period from April 28, 1993 through December 31, 1993 reflects an increase of \$1.5 million which is related to the increase in the corporate tax rate from 34.0% to 35.0% enacted by the

Revenue Reconciliation Act of 1993.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the related amounts used for income tax purposes. Significant components of the Company's deferred tax liabilities and assets as of December 31, 1994 and 1993 are as follows (in millions):

	1994	1993
Spare parts and supplies, fixed assets and intangibles	\$ 668.0	\$ 745.3
Deferred gain	84.8	92.1
Other, net.	8.6	21.3
Gross deferred tax liabilities.	761.4	858.7
Capital and safe harbor lease activity.	(24.0)	(40.5)
Accrued liabilities	(343.1)	(287.4)
Revaluation of leases	(80.1)	(136.9)
Net operating loss carryforwards.	(1,068.7)	(919.5)
Investment tax credit carryforwards	(44.7)	(54.5)
Gross deferred tax assets	(1,560.6)	(1,438.8)
Deferred tax assets valuation allowance	844.2	667.3
Net deferred tax liability.	45.0	87.2
Less current deferred tax liability	16.9	36.4
Non-current deferred tax liability.	\$ 28.1	\$ 50.8

At December 31, 1994, the Company has net operating loss carryforwards of approximately \$2.7 billion for income tax purposes that will expire from 1995 through 2009 and investment tax credit carryforwards of approximately \$44.7 million that will expire through 2001. As a result of the change in ownership of the Company on April 27, 1993, the ultimate utilization of the Company's net operating losses and investment tax credits could be limited.

For financial reporting purposes, a valuation allowance of \$844.2 million has been recognized to offset the deferred tax assets related to a portion of those carryforwards. The Company has considered prudent and feasible tax planning strategies in assessing the need for the valuation allowance. The Company has assumed \$194 million of benefit attributable to such tax planning strategies. In the event the Company were to determine in the future that any such tax planning strategies would not be implemented, an adjustment to the deferred tax liability would be charged to income in the period such determination was made. In the event the Company recognizes additional tax benefits related to net operating loss carryforwards and investment tax credit carryforwards attributable to the Predecessor Company, those benefits would be applied to reduce Reorganization Value in Excess of Amounts Allocable to Identifiable Assets and other intangibles to zero, and thereafter as an addition to paid-in capital.

The deferred tax valuation allowance increased from \$667.3 million at December 31, 1993 to \$844.2 million at December 31, 1994. This increase is related to deferred tax assets associated with certain nonrecurring charges and net operating losses that may not be realizable.

Approximately \$545 million of the Company's net operating losses can only be used to offset the separate parent company taxable income of Continental Airlines, Inc. Approximately \$17.8 million of the Company's investment tax credits can only be used to offset the separate parent company tax liability of Continental Airlines, Inc.

NOTE 12 - NONRECURRING CHARGES

During the fourth quarter of 1994, the Company recorded a nonrecurring charge of approximately \$446.8 million associated primarily with (i) the planned early retirement of certain aircraft and (ii) closed or underutilized airport and maintenance facilities and other assets.

Approximately \$278 million of the nonrecurring charge was associated with the planned early retirement during 1995 of 24 widebody jet aircraft (21 Airbus A300s and three Boeing 747s), 23 narrowbody Boeing 727 jet aircraft and five Dash 7 turboprop aircraft, including a provision for the disposal of the related inventory. All of these aircraft (except for two owned Airbus A300 aircraft) have remaining lease obligations beyond the planned retirement dates for such aircraft. The \$278 million charge represents the Company's best estimate of the expected loss based upon, among other things, the anticipated resolution of negotiations with certain lessors as well as anticipated sublease rental income of certain aircraft and engines. To the extent the actual resolution of the negotiations, actual sublease rental income or other events or amounts vary from the Company's estimates, the actual charge could be different from the amount estimated.

Approximately \$168.8 million of the nonrecurring charge was associated with the closure of the LAX maintenance facility, underutilized airport facilities and other assets (primarily associated with DIA). This portion of the charge relates to the Company's contractual obligations under the related lease agreements and the write-off of related leasehold improvements, less an estimated amount for sublease rental income. However, should actual sublease rental income be different from the Company's estimates, the actual charge could be different from the amount estimated.

Approximately \$324.2 million of the nonrecurring charge represents an actual cash outlay to be incurred over the remaining lease terms (of from one to 15 years) and approximately \$122.6 million represents a noncash charge associated with a write-down of certain assets (principally inventory and flight equipment) to expected net realizable value. Continental expects to finance the cash outlays primarily with internally generated funds.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Capital Commitments

On March 31, 1995, the Company signed agreements with Boeing and certain engine manufacturers that would defer certain aircraft and engine deliveries that previously were scheduled to occur in 1996 and 1997, to cancel orders for certain option aircraft and to obtain refunds of deposits corresponding to the revised delivery schedule.

Continental has firm commitments to take delivery of 22 new 737 and five new 757 aircraft in 1995, one new 757 aircraft in 1996 and 43 new jet aircraft during the years 1998 through 2002. The estimated aggregate cost of these aircraft is approximately \$3.4 billion. In December 1994, Express contracted with Beech Acceptance Corporation ("Beech") for the purchase and financing of 25 Beech 1900-D aircraft at an estimated aggregate cost of \$104 million, excluding price escalations. Deliveries of the Beech aircraft are scheduled in 1995 and 1996. As of December 31, 1994, Continental had made deposits on jet and turboprop aircraft orders of approximately \$166.1 million.

Continental expects its 1995 capital expenditures, exclusive of aircraft, to aggregate approximately \$83 million primarily relating to aircraft modifications, passenger terminal facility improvements and office, maintenance, telecommunications and ground equipment.

See Note 1 for a discussion of debt and operating lease obligations in default. See Note 6 for a discussion of Continental's contingent liability on long-term lease obligations.

Legal Proceedings

In 1992, the Company agreed to lease (i) 20 gates at DIA for a period of five years from the date DIA opened, (ii) four of such gates for an additional five years and (iii) a substantial amount of operational space in connection with the gates and for the terms set forth in the agreement. During 1994, the Company significantly reduced its Denver operations. The City filed a complaint on February 22, 1995 against the Company in the United States District Court for the District of Colorado seeking a determination that the Company materially breached and repudiated the lease and a March 1994 agreement to pay certain costs associated with the delays in opening DIA. In addition, the City sought a judgment declaring the City's rights and the Company's obligations and the award of an injunction that the Company perform such obligations. The City also sought attorneys fees and costs relating to its suit. The Company believes it has defenses against the City, as well as claims against the City that justify rescission of the lease or, if rescission is not awarded by the court, a substantial reduction in the Company's obligations thereunder.

The Company, the City and certain other parties have entered into an agreement ("Settlement") that was approved by the Denver City Council on April 10, 1995. The Settlement provides for the release of certain claims and the settlement of certain litigation filed by the City against the Company and reduces (i) the full term of the lease to five years, subject to certain rights of renewal granted to Continental, (ii) the number of gates leased from 20 to 10, (iii) the amount of leased operational and other space by approximately 70%. The reduced gates and operational space exceed Continental's current needs at the airport, and the Company is negotiating with America West Airlines, Inc. ("America West") and Frontier Airlines to sublease up to five of its remaining gates and certain operational space. The Company will attempt to sublease additional facilities and operational space as well. To the extent Continental is able to sublease any of its gates and operational space, its costs under the lease would be reduced.

The Settlement may still be challenged by certain parties, including by other air carriers, and the Company cannot predict what the outcome of any such challenge would be. Certain air carriers have taken the position that an insufficient number of carriers have executed the Settlement. Failure to implement the Settlement could reduce or eliminate the Company's

estimated savings at DIA.

Certain parties continue to seek recovery for claims that were subject to the Company's Plan of Reorganization. For the most part, if such parties were successful on their claims, their recovery would be limited to the fixed pools of Company common stock and cash provided for in the Plan of Reorganization. Nevertheless, certain claims, if successful, could result in additional obligations being imposed upon the Company, including the possible indemnification of certain current and former officers and directors of the Company or its former parent. In addition, the Company is a party to certain lawsuits, and the subject of certain claims, which arose after the Company's bankruptcy proceedings were commenced and in the ordinary course of the Company's business. Although the amount sought in certain of these claims and proceedings is substantial, the Company cannot at this time reasonably estimate the possible loss or range of loss that could be experienced if any of the claims were successful. However, the Company believes that the resolution of these matters is unlikely to have a material adverse effect on the Company.

NOTE 14 - RELATED PARTY TRANSACTIONS

The following is a summary of significant related party transactions which have occurred during 1994 and the period April 28, 1993 through December 31, 1993 other than those discussed elsewhere in the Notes to Consolidated Financial Statements.

CMI and United Micronesia Development Association, Inc. ("UMDA"), the minority stockholder of CMI, have a services agreement whereby UMDA is paid a fee for certain services, which fee approximates 1.0% of CMI's revenues. For the year ended December 31, 1994 and the period April 28, 1993 through December 31, 1993, these fees totaled approximately \$4.8 million and \$3.5 million, respectively. As of December 31, 1994 and 1993, the Company had a payable to UMDA totaling approximately \$7.2 million and \$7.3 million, respectively. The payable bears interest at 12.0% per annum and matures in 2011. Annual principal and interest payments on the payable aggregating \$1,000,000 per year are applied to reduce the 1.0% fee.

In connection with AC's investment in the Company, AC, AP and the Company agreed to identify and pursue opportunities to achieve cost savings, revenue enhancement or other synergies from areas of joint operation between the Company and AC. The Company and AC have entered into a series of synergies agreements, primarily in the areas of aircraft maintenance and commercial and marketing alliances (including agreements regarding coordination of connecting flights). The Company believes that the synergies agreements allocate potential benefits to the Company and AC in a manner that is equitable and commercially reasonable, and contain terms at least as favorable to the Company as could be obtained from unrelated parties. As a result of these agreements, Continental paid AC \$29.1 million and \$9 million for the year ended December 31, 1994 and from the period April 28, 1993 through December 31, 1993, respectively, primarily relating to aircraft maintenance. Continental also reimbursed AC and AP in 1993 for fees incurred in connection with their investment in Continental of \$6.9 million and \$11.1 million, respectively.

GE Capital and General Electric Company, owner of 171,000 shares of the Company's 8% Preferred Stock, provide certain services to Continental such as repairing engines and the leasing of certain aircraft. Continental also has loans payable to GE Capital. See Note 5.

Under the amended agreements with GE Capital, if Air Partners disposes of any of its Class A shares, Continental must prepay deferred amounts totaling approximately \$146 million and, at Continental's election, either (i) prepay loans totaling \$150 million or (ii) pledge its Air Micronesia, Inc. stock as collateral for all GE Capital obligations.

The Company and America West have entered into a series of agreements during 1994 related to code-sharing and ground handling. The services provided are considered normal to the daily operations of both airlines. As a result of these agreements, Continental paid America West \$0.5 million in 1994.

NOTE 15 - FOREIGN OPERATIONS

Continental conducts operations to various foreign countries. Operating revenues from foreign operations are as follows (in millions):

	Year Ended December 31,		
	1994	1993	1992
Latin America	\$ 310	\$ 278	\$ 283
Atlantic	400	384	375
Pacific	678	630	712
	\$1,388	\$1,292	\$1,370

NOTE 16 - QUARTERLY FINANCIAL DATA (UNAUDITED)

Unaudited summarized financial data by quarter for 1994 and 1993 is as follows (in millions, except per share data):

	Three Months Ended March 31,	Period from April 1, 1993 through April 27, 1993	Period from April 28, 1993 through June 30, 1993	Three Months Ended		
				June 30	September 30	December 31
1994						
Operating revenues	\$1,356.5	\$ -	\$ -	\$1,390.5	\$1,513.7	\$1,409.2
Operating income (loss) . .	(55.2)	-	-	(1.5)	82.8	(37.1)
Nonoperating income (expense), net	(58.4)	-	-	(51.5)	(50.0)	(480.2)
Net income (loss)	(71.6)	-	-	(49.0)	30.6	(523.3)
Primary and fully diluted earnings (loss) per common share (a)	(2.86)	-	-	(1.97)	1.03	(19.66)
1993						
Operating revenues	1,383.2	473.9	977.6	-	1,564.2	1,368.8
Operating income (loss) . .	(55.2)	(58.0)	(4.1)	-	91.0	8.6
Nonoperating income (expense), net	(52.7)	(810.6)	(32.0)	-	(67.1)	(47.8)
Extraordinary gain	-	3,618.7	-	-	-	-
Net income (loss)	(109.5)	2,749.6	(24.4)	-	12.4	(26.5)
Primary and fully diluted earnings (loss) per common share (b)	N.M.*	N.M.*	(1.45)	-	0.53	(1.47)

(a) The sum of the four quarterly earnings (loss) per share amounts in 1994 does not agree with the loss per share as calculated for the full year due to the issuance of restricted stock in 1994.

(b) The sum of the four quarterly earnings (loss) per share amounts in 1993 does not agree with the loss per share as calculated for the full year due to the issuance of a large number of shares of the Class B common stock in December 1993.

*N.M. - Not meaningful. Historical per share data for the Predecessor Company is not meaningful since the Company was recapitalized and adopted fresh start reporting as of April 27, 1993.

During the third quarter of 1994, the Company recorded a favorable adjustment of \$23.4 million as a result of the Company's estimate of awards expected to be redeemed for travel on Continental under its frequent flyer program.

During the fourth quarter of 1994, nonrecurring charges of approximately \$446.8 million were recorded for costs associated with grounding aircraft, reducing operations at certain airport facilities and modifying certain aircraft and facilities lease agreements.

During the first quarter of 1993, reorganization-related charges of \$11.6 million were partially offset by interest income of \$3.1 million.

During the second quarter of 1993, the Company recorded a gain of \$34.9 million related to System One's sale to EDS of substantially all of the assets of its Airline Services Division. In addition, reorganization-related charges of \$234.2 million were recorded. Fresh start adjustments totaling \$719.1 million were recorded relating to the adjustment of assets and liabilities to fair market value as well as other miscellaneous fresh start adjustments of approximately \$76.8 million. These fresh start adjustments were partially offset by the write-off of deferred gains on sale/leaseback transactions of \$218.6 million. The Company recorded an extraordinary gain of approximately \$3.6 billion resulting from the extinguishment of prepetition obligations, including the write-off of a deferred credit related to Eastern of approximately \$1.1 billion.

During the third quarter of 1993, the Company recorded nonoperating charges totaling approximately \$13.1 million related to the Company's termination of services to Australia and New Zealand and other expenses primarily related to the abandonment of airport facilities. Also included in passenger revenues is \$75 million recorded as a result of completion of the Company's periodic evaluation of its air traffic liability account.

ITEM 9. CHANGES IN AND DISAGREEMENTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

There were no changes in or disagreements on any matters of accounting principles or financial statement disclosure between the Company and its independent public accountants during the registrant's two most recent fiscal years or any subsequent interim period.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on June 5, 1995.

ITEM 11. EXECUTIVE COMPENSATION

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on June 5, 1995.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on June 5, 1995.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Incorporated herein by reference from the Company's definitive proxy statement for the annual meeting of stockholders to be held on June 5, 1995.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) The following financial statements are included in Item 8. "Financial Statements and Supplementary Data.":

Report of Independent Auditors
Report of Independent Public Accountants
Consolidated Statements of Operations for each of the Three Years in

the

Period Ended December 31, 1994

Consolidated Balance Sheets as of December 31, 1994 and 1993

Consolidated Statements of Cash Flows for each of the Three Years in

the

Period Ended December 31, 1994

Consolidated Statements of Redeemable and Nonredeemable Preferred

Stock

and Common Stockholders' Equity (Deficit) for each of the Three

Years

in the Period Ended December 31, 1994

Notes to Consolidated Financial Statements

(b) Financial Statement Schedules:

Report of Independent Auditors
Schedule I - Condensed Financial Information of Registrant (Parent
Company Only)
Schedule II - Valuation and Qualifying Accounts

All other schedules have been omitted because they are inapplicable, not required, or the information is included elsewhere in the consolidated financial statements or notes thereto.

(c) Reports on Form 8-K.

None.

(d) See accompanying Index to Exhibits.

REPORT OF INDEPENDENT AUDITORS

We have audited the consolidated financial statements of Continental Airlines, Inc. (the "Company") as of December 31, 1994 and 1993, and for the year ended December 31, 1994 and the period from April 28, 1993 through December 31, 1993, and the consolidated statements of operations, redeemable and nonredeemable preferred stock and common stockholders' equity and cash flows for the period from January 1, 1993 through April 27, 1993 for Continental Airlines Holdings, Inc., and have issued our report thereon dated April 12, 1995 (included elsewhere in this Form 10-K). Our audits also included the financial statement schedules for these related periods listed in Item 14(b) of this Form 10-K. These schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Houston, Texas
 April 12, 1995

CONTINENTAL AIRLINES, INC.
 (Parent Company Only)
 SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
 CONDENSED STATEMENT OF OPERATIONS (a)(b)
 (In thousands of dollars)

	Year ended December 31, 1994	April 28, 1993 through December 31, 1993
Operating Revenues:		
Passenger	\$4,210,628	\$2,954,485
Cargo, mail and other	411,452	298,078
	4,622,080	3,252,563
Operating Expenses:		
Wages, salaries and related costs	1,346,841	873,889
Rentals and landing fees	746,640	465,671
Aircraft fuel	641,772	469,338
Maintenance, materials and repairs	366,204	272,898
Commissions	352,705	301,201
Depreciation and amortization	210,797	133,335
Other	1,041,541	624,627
	4,706,500	3,140,959
Operating Income (Loss)	(84,420)	111,604
Nonoperating Income (Expense):		
Interest expense	(193,487)	(136,499)
Interest income	20,002	15,638
Interest income from subsidiaries	12,235	4,991
Nonrecurring charges	(433,812)	-
Other, net	8,315	(6,996)
	(586,747)	(122,866)
Loss before Equity in Net Losses of Subsidiaries and Income Taxes	(671,167)	(11,262)
Equity in Net Losses of Subsidiaries	(14,801)	(26,158)
Income Tax Expense	72,626	(1,129)
Net Loss	\$ (613,342)	\$ (38,549)

These Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Notes to Schedule I.

CONTINENTAL AIRLINES, INC.
 (Parent Company Only)
 SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
 CONDENSED BALANCE SHEET (a)(b)
 (In thousands of dollars, except for share data)

31,	December 31, 1994	December 1993
ASSETS		
Current Assets:		
Cash and cash equivalents, including restricted cash and cash equivalents of \$118,732 and \$102,439, respectively	\$ 325,728	\$ 680,962
Accounts receivable, net	281,734	309,455
Accounts receivable from subsidiaries, net	64,447	-
Notes receivable from subsidiaries	97,825	46,221
Spare parts and supplies, net	119,796	136,522
Prepayments and other	70,369	70,707

Total current assets	959,899	1,243,867
Property and Equipment:		
Owned property and equipment, net of accumulated depreciation of \$180,281 and \$62,297, respectively	1,017,317	1,111,110
Purchase deposits for flight equipment	166,052	166,984
Capital leases, net of accumulated amortization of \$58,169 and \$19,291, respectively	311,299	329,473
Total property and equipment	1,494,668	1,607,567
Other Assets:		
Routes, gates and slots, net of accumulated amortization of \$73,041 and \$29,730, respectively.	1,051,141	1,118,670
Reorganization value in excess of amounts allocable to identifiable assets, net of accumulated amortization of \$22,999 and \$10,585, respectively	210,659	223,073
Investment in subsidiaries	257,502	272,303
Notes receivable from subsidiaries	-	56,875
Other assets, net.	66,467	43,935
Total other assets	1,585,769	1,714,856
Total Assets	\$4,040,336	\$4,566,290

These Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Notes to Schedule I.

CONTINENTAL AIRLINES, INC.
(Parent Company Only)
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CONDENSED BALANCE SHEET (a)(b)
(In thousands of dollars, except for share data)

	December 31,	December
31,	1994	1993
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Debt and capital lease obligations in default.	\$ 489,865	\$ -
Current maturities of long-term debt (c)	108,620	160,250
Current maturities of capital leases	18,278	33,620
Accounts payable	548,258	472,762
Accounts payable to subsidiaries, net.	-	10,795
Air traffic liability.	551,810	590,994
Accrued other liabilities.	492,885	459,602
Total current liabilities	2,209,716	1,728,023
Long-Term Debt (c).	859,773	1,178,989
Capital Leases.	119,798	353,606
Deferred Credits and Other Long-Term Liabilities.	694,759	538,210
Commitments and Contingencies (d)		
Redeemable Preferred Stock (aggregate liquidation value - \$55,966 and \$50,497, respectively) (e)	52,606	46,916
Common Stockholders' Equity:		
Class A common stock - \$.01 par, 50,000,000 shares authorized; 6,301,056 shares and 6,013,216 shares issued and outstanding at December 31, 1994 and 1993, respectively (e)	63	60
Class B common stock - \$.01 par, 100,000,000 shares authorized; 20,403,512 shares and 19,509,352 shares issued and outstanding at December 31, 1994 and 1993, respectively (e).	204	195
Additional paid-in capital.	778,382	764,274

Accumulated deficit	(651,891)	(38,549)
Unearned portion of restricted stock issued for future services	(13,872)	-
Additional minimum pension liability.	(6,549)	(5,434)
Unrealized loss on marketable equity securities	(2,218)	-
Treasury stock - 30,000 shares in 1994.	(435)	-
Total common stockholders' equity.	103,684	720,546
Total Liabilities and Stockholders' Equity	\$4,040,336	\$4,566,290

These Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Notes to Schedule I.

CONTINENTAL AIRLINES, INC.
(Parent Company Only)
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENT OF CASH FLOWS (a)(b)
(In thousands of dollars)

	Year ended December 31, 1994	April 28, 1993 through December 31, 1993
Net cash provided (used) by operating activities	\$(39,447)	\$ 62,612
Cash Flows from Investing Activities:		
Proceeds from disposition of property, equipment and other assets	27,643	94
Capital expenditures	(99,826)	(217,059)
Investment in America West	(18,771)	-
Net cash used by investing activities	(90,954)	(216,965)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net.	30,980	89,820
Payments on long-term debt and capital lease obligations	(255,813)	(108,578)
Net proceeds from issuance of common stock.	-	153,060
Net cash provided (used) by financing activities	(224,833)	134,302
Net Decrease in Cash and Cash Equivalents.	(355,234)	(20,051)
Cash and Cash Equivalents - Beginning of Period.	680,962	701,013
Cash and Cash Equivalents - End of Period.	\$325,728	\$680,962

These Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Notes to Schedule I.

NOTES TO SCHEDULE I

- (a) See Notes 1 and 2 to Notes to Consolidated Financial Statements for a discussion of Continental Airlines, Inc. (the "Company" or "Continental") liquidity and predecessor company's emergence from bankruptcy.
- (b) The Condensed Financial Information of Registrant includes the accounts of Continental and its wholly owned subsidiary, Rubicon Indemnity, Ltd., a subsidiary formed for workers' compensation reinsurance purposes. This subsidiary has been included in Schedule I to properly reflect the parent company's workers' compensation liability.
- (c) Continental's long-term debt (parent company only) was recorded at

fair market value at April 27, 1993. The fair market value adjustment is amortized to interest expense over the life of the debt. See Note 5 to Notes to Consolidated Financial Statements. Long-term debt as of December 31, 1994 and 1993 is summarized as follows (in millions):

	1994	1993
Secured		
Notes payable to GE Capital, interest rates of 8.64% to 12.0% and floating interest rates of LIBOR plus 4.0%, payable through 2005.	\$ 439.4	\$ 443.1
Notes payable, interest rates of 5.84% to 18.38% (imputed interest rates approximate stated interest rates), payable through 2005.	240.9	234.9
Notes payable, interest rates of 6% to 12.25% (imputed interest rates of 7.86% to 9.9%), payable through 2008	278.2	332.5
Floating rate notes, interest rates of prime plus 0.5% to 3.05%, LIBOR plus 0.75% to 3.75% and Eurodollar plus 0.75%, payable through 2007.	148.9	159.1
Other	15.0	15.7
Unsecured		
Notes payable, interest rates of 6.94% to 12% (imputed interest rates of 16.3% to 21.8%), payable through 2005	112.3	179.9
Other	7.6	0.6
	1,242.3	1,365.8
Less: debt in default.	264.7	-
Less: current maturities	108.6	160.3
Less: fair market value adjustment	9.2	26.5
Total	\$ 859.8	\$1,179.0

Long-term debt maturities, excluding \$9.2 million of non-cash fair market value adjustments, due over the next five years are as follows (in millions):

Year ending December 31,	
1995.	\$157.8
1996.	144.2
1997.	167.2
1998.	142.4
1999.	154.3

The above maturities have not been adjusted to reflect the potential acceleration of certain obligations due to defaults under the loan agreements.

- (d) See Note 13 of Notes to Consolidated Financial Statements.
- (e) See Note 8 of Notes to Consolidated Financial Statements.
- (f) See Note 6 of Notes to Consolidated Financial Statements for a discussion of operating lease obligations in default.
- (g) The Company has not paid dividends on its common stock.

On April 27, 1993, Continental adopted fresh start reporting in accordance with Statement of Position 90-7 - "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code", which resulted in adjustments to the Company's common stockholders' equity and the carrying values of assets and liabilities. Accordingly, the Parent Company only post-reorganization balance sheets and statements of operations have not been prepared on a consistent basis of accounting with the Parent Company only pre-reorganization balance sheet and statements of operations. See Note 3 of Notes to Consolidated Financial Statements.

CONTINENTAL AIRLINES HOLDINGS, INC.
(Parent Company Only)
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
CONDENSED STATEMENT OF OPERATIONS (a)
(In thousands of dollars)

	Predecessor Company	
	Period from	Year ended
	January 1,	December 31,
	1993 through	December 31,
	April 27,	1992
	1993	1992
Operating Revenues (lease revenue and management fees from subsidiaries) (a)	\$ 32,598	\$ 101,554

Operating Expenses:		
Wages, salaries and related costs	727	2,544
Rentals	15,317	48,225
Depreciation and amortization	4,719	14,533
Other	676	3,112
	21,439	68,414
Operating Income	11,159	33,140
Nonoperating Income (Expense):		
Interest expense	(5,023)	(16,579)
Gain (loss) on disposition of property, equipment and other assets, net	(5)	1
Eastern-related pension adjustments	-	114,547
Eastern liquidation-related adjustments	-	17,250
Reorganization items, net	(134,287)	5,201
Other, net	861	2,853
Total nonoperating income (expense), net	(138,454)	123,273
Income (Loss) Before Equity in Net Loss of Subsidiaries and Extraordinary Gain	(127,295)	156,413
Equity in Net Losses of Subsidiaries	837,625	(281,746)
Income (Loss) Before Extraordinary Gain	710,330	(125,333)
Extraordinary Gain	1,929,808	-
Net Income (Loss)	\$2,640,138	\$(125,333)

These Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Notes to Schedule I.

CONTINENTAL AIRLINES HOLDINGS, INC.
(Parent Company Only)
SCHEDULE I - CONDENSED FINANCIAL INFORMATION OF REGISTRANT
STATEMENTS OF CASH FLOWS (a)
(In thousands of dollars)

	Predecessor Company Period from January 1, 1993 through April 27, 1993	Year ended December 31, 1992
Net cash provided by operating activities	\$ 121	\$ 2,439
Cash Flows from Investing Activities:		
Proceeds from disposition of property and equipment	-	-
Capital expenditures	(4)	(5)
Cash received from affiliates	-	39
Other	-	974
Net cash provided by investing activities	(4)	1,008
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt, net	-	(188)
Payments on long-term debt and capital lease obligations	(442)	(13,487)
Net cash used by financing activities	(442)	(13,675)
Net increase (decrease) in cash and cash equivalents	(325)	(10,228)
Cash and Cash Equivalents - Beginning of Period	9,182	19,410
Cash and Cash Equivalents - End of Period	\$8,857	\$ 9,182

These Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto and Notes to Schedule I.

- (a) The Condensed Financial Information of Registrant includes the accounts of Continental Airlines Holdings, Inc. ("Holdings") and certain special purpose subsidiaries (together, "CTA"), primarily formed to provide fuel purchasing services to Holdings' airline subsidiaries and to finance aircraft leased to Continental.
- (b) Prepetition long-term debt for CTA totaling approximately \$312.9 million at December 31, 1992 was included in Estimated Liabilities Subject to Chapter 11 Reorganization Proceedings. Pursuant to the Reorganization and the PBGC Settlement, the PBGC receives the equity interest in all of CTA's debt-owned aircraft with the debt totaling approximately \$135.2 million. Therefore, scheduled maturities for long-term debt of CTA are immaterial.
- (c) CTA did not pay dividends on its common stock in 1992.

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

For the Years Ended December 31, 1994, 1993, and 1992
(In thousands of dollars)

	Allowance for Doubtful Receivables	Allowance for Obsolescence
Balance, December 31, 1991 . . .	\$51,450	\$65,643
Additions charged to expense .	23,214	12,978
Deductions from reserve. . . .	(25,844)	(341)
Other.	(181)	1,770
Balance, December 31, 1992 . . .	48,639	80,050
Additions charged to expense .	19,283	9,890
Deductions from reserve. . . .	(32,190)	(1,946)
Other.	(686)	(83,373) (a)
Balance, December 31, 1993 . . .	35,046	4,621
Additions charged to expense .	24,913	32,294
Deductions from reserve. . . .	(21,204)	(739)
Other.	(946)	149
Balance, December 31, 1994 . . .	\$37,809	\$36,325

- (a) Primarily represents fresh start adjustments in accordance with SOP 90-7.

INDEX TO EXHIBITS
OF
CONTINENTAL AIRLINES, INC.

- 2.1 Revised Third Amended Disclosure Statement Pursuant to Section 1125 of the Bankruptcy Code with Respect to Debtors' Revised Second Amended Joint Plan of Reorganization Under Chapter 11 of the United States Bankruptcy Code, as filed with the Bankruptcy Court on January 13, 1993 -- incorporated by reference from Exhibit 2.1 to Continental's Annual Report on Form 10-K for the year ended December 31, 1992 (File no. 0-09781) (the "1992 10-K").
- 2.2 Modification of Debtors' Revised Second Amended Joint Plan of Reorganization dated March 12, 1993 -- incorporated by reference to Exhibit 2.2 to Continental's Current Report on Form 8-K, dated April 16, 1993 (the "April 8-K").
- 2.3 Second Modification of Debtors' Revised Second Amended Joint Plan of Reorganization, dated April 8, 1993 -- incorporated by

reference to Exhibit 2.3 to the April 8-K.

- 2.4 Third Modification of Debtors' Revised Second Amended Joint Plan of Reorganization, dated April 15, 1993 -- incorporated by reference to Exhibit 2.4 to the April 8-K.
- 2.5 Confirmation Order, dated April 16, 1993 -- incorporated by reference to Exhibit 2.5 to the April 8-K.
- 3.1 Restated Certificate of Incorporation of Continental -- incorporated by reference to Exhibit 4.1 to the April 8-K.
- 3.2 By-laws of Continental -- incorporated by reference to Exhibit 4.4 to the April 8-K.
- 4.1 Specimen Class B Common Stock Certificates of the Company -- incorporated by reference to Exhibit 4.1 to Continental's Form S-1 Registration Statement (No. 33-68870) (the "1993 S-1").
- 4.2 Certificate of Designation of 12% Cumulative Preferred Stock -- incorporated by reference to Exhibit 4.2 to the April 8-K.
- 4.3 Certificate of Designation of 8% Cumulative Preferred Stock -- incorporated by reference to Exhibit 4.3 to Continental's Quarterly Report on Form 10-Q for the quarter ended March 31, 1993.
- 4.4 Certificate of Correction to Certificate of Designation of 8% Cumulative Preferred Stock -- incorporated by reference to Exhibit 4.4 to the 1993 S-1.
- 4.5 Subscription and Stockholders' Agreement - incorporated by reference to Exhibit 4.5 to the April 8-K.
- 4.6 Registration Rights Agreement dated as of April 27, 1993, among Continental, Air Partners and Air Canada -- incorporated by reference to Exhibit 4.6 to the April 8-K.
- 4.7 Warrant Agreement dated as of April 27, 1993, between Continental and Continental as warrant agent -- incorporated by reference to Exhibit 4.7 to the April 8-K.
- 4.8 Loan Agreement dated as of April 27, 1993, among Continental Micronesia, Air Micronesia, Inc. and GE Capital -- incorporated by reference to Exhibit 4.8 to the April 8-K.
- 4.8(a) Waiver, Consent and Amendment to CMI Loan Agreement, dated as of March 30, 1995, among CMI, Air Micronesia, Inc. and GE Capital -- filed herewith. (2)
- 4.9 Loan Agreements dated as of April 27, 1993, between ASATT Corp. and Continental -- incorporated by reference to Exhibit 4.9 to the April 8-K.
- 4.9(a) Waiver, Consent and Amendment to Series B-1 Loan Agreement, dated as of March 30, 1995, between Continental and Global Project & Structured Finance Corporation (successor by merger to ASATT Corp.) -- filed herewith. (2)
- 4.9(b) Waiver, Consent and Amendment to Series B-2 Loan Agreement, dated as of March 30, 1995, between Continental and Global Project & Structured Finance Corporation (successor by merger to ASATT Corp.) -- filed herewith. (2)
- 4.10 Loan Agreement dated as of April 27, 1993, between Continental and General Electric Company, individually and as agent -- incorporated by reference to Exhibit 4.10 to the 1993 S-1.
- 4.10(a) Waiver, Consent and Amendment to Consolidation Loan Agreement, dated as of March 30, 1995, between Continental and General Electric Company, individually and as agent -- filed herewith. (2)
- 4.11 Master Restructuring Agreement, dated as of March 30, 1995, between Continental and GE Capital -- filed herewith. (2)
- 4.12 Agreement by Continental to furnish to the Commission, upon request, copies of certain instruments defining the rights of holders of long-term debt of the kind described in Item 601(b)(4) of Regulation S-K -- incorporated by reference to Exhibit 4.11 to the 1993 S-1.
- 10.1 Master Agreement among Continental, System One and EDS, Continental Services Agreement between Continental and EDS, CRS Services Agreement between System One and EDS, and ASD Services and Acquisition Agreement between System One and EDS, each dated as of May 1, 1991 -- incorporated by reference to Exhibit 10.1 to Holdings' Quarterly Report on Form 10-Q for the quarter ended June 30, 1991. (1)

- 10.2 Litigation Settlement Agreement, dated as of August 31, 1992, among the Pension Benefit Guaranty Corporation and, jointly and severally, each of the debtors (as defined) -- incorporated by reference to Exhibit 10.10 to the 1992 10-K.
- 10.3 Agreement of Lease dated as of January 11, 1985, between the Port Authority of New York and New Jersey and People Express Airlines, Inc., regarding Terminal C (the "Terminal C Lease") -- incorporated by reference to Exhibit 10.61 to the Annual Report on Form 10-K of People Express Airlines, Inc. for the year ended December 31, 1984.
- 10.4 Assignment of Lease with Assumption and Consent dated as of August 15, 1987, among the Port Authority of New York and New Jersey, People Express Airlines, Inc. and Continental -- incorporated by reference to Exhibit 10.2 to Continental's Annual Report on Form 10-K for the year ended December 31, 1987 (the "1987 10-K").
- 10.5 Supplemental Agreements Nos. 1 through 6 to the Terminal C Lease -- incorporated by reference to Exhibit 10.3 to the Continental 1987 10-K.
- 10.6 Supplemental Agreement No. 7 to the Terminal C Lease -- incorporated by reference to Exhibit 10.4 to Continental's Annual Report on Form 10-K for the year ended December 31, 1988.
- 10.7 Supplemental Agreements No. 8 through 11 to the Terminal C Lease -- incorporated by reference to Exhibit 10.10 to the 1993 S-1.
- 10.8(a)* Employment Agreement between the Company and Robert Ferguson -- incorporated by reference to Exhibit 10.11(a) to the 1993 S-1.
- 10.8(b)* Termination Agreement between the Company and Robert Ferguson -- filed herewith.
- 10.8(c)* Employment Agreement between the Company and Charles Goolsbee -- incorporated by reference to Exhibit 10.11(b) to the 1993 S-1.
- 10.8(d)* Memorandum of Agreement between the Company and Charles Goolsbee -- filed herewith.
- 10.8(e)* Employment Agreement between the Company and Gordon Bethune -- filed herewith.
- 10.8(f)* Employment Agreement between the Company and Daniel Garton -- incorporated by reference to Exhibit 10.2 to Continental's Quarterly Report on Form 10-Q for the quarter ended September 30, 1994 (the "1994 Third Quarter 10-Q").
- 10.8(g)* Employment Agreement between the Company and John Luth -- incorporated by reference to Exhibit 10.3 to the 1994 Third Quarter 10-Q.
- 10.8(h)* Letter Agreement between the Company and John Luth -- filed herewith.
- 10.8(i)* Employment Agreement between the Company and Donald Valentine -- filed herewith.
- 10.9* Continental Airlines, Inc. 1994 Incentive Equity Plan -- incorporated by reference to Exhibit 4.3 to the Company's Form S-8 Registration Statement (No. 33-81324).
- 10.10 Not used.
- 10.11 Purchase Agreement No. 1782, including exhibits and side letters thereto, between the Company and Boeing, effective April 27, 1993, relating to the purchase of Boeing 737-524 aircraft -- incorporated by reference to Exhibit 10.1 to Continental's Quarterly Report on Form 10-Q for the quarter ended June 30, 1993 (the "June 10-Q"). (1)
- 10.11(a) Supplemental Agreement No. 6 to Purchase Agreement No. 1782 between the Company and Boeing, dated March 31, 1995, relating to the purchase of Boeing 737-524 aircraft -- filed herewith. (2)
- 10.12 Purchase Agreement No. 1783, including exhibits and side letters thereto, between the Company and Boeing, effective April 27, 1993, relating to the purchase of Boeing 757-224 aircraft -- incorporated by reference to Exhibit 10.2 to the June 10-Q. (1)
- 10.12(a) Supplemental Agreement No. 4 to Purchase Agreement No. 1783 between the Company and Boeing, dated March 31, 1995, relating to the purchase of Boeing 757-224 aircraft -- filed herewith. (2)
- 10.13 Purchase Agreement No. 1784, including exhibits and side letters

thereto, between the Company and Boeing, effective April 27, 1993, relating to the purchase of Boeing 767-324ER aircraft -- incorporated by reference to Exhibit 10.3 to the June 10-Q. (1)

- 10.13(a) Supplemental Agreement No. 3 to Purchase Agreement No. 1784 between the Company and Boeing, dated March 31, 1995, relating to the purchase of Boeing 767-324ER aircraft -- filed herewith. (2)
- 10.14 Purchase Agreement No. 1785, including exhibits and side letters thereto, between the Company and Boeing, effective April 27, 1993, relating to the purchase of Boeing 777-224 aircraft -- incorporated by reference to Exhibit 10.4 to the June 10-Q. (1)
- 10.14(a) Supplemental Agreement No. 3 to Purchase Agreement No. 1785 between the Company and Boeing, dated March 31, 1995, relating to the purchase of Boeing 777-224 aircraft -- filed herewith. (2)
- 10.15 Lease Agreement dated as of May 1992 between the City and County of Denver, Colorado and Continental regarding Denver International Airport -- incorporated by reference to Exhibit 10.17 to the 1993 S-1.
- 10.15(a) Supplemental Lease Agreement, including an exhibit thereto, dated as of April 3, 1995 between the City and County of Denver, Colorado and Continental and United Air Lines, Inc. regarding Denver International Airport -- filed herewith.
- 10.16 Stock Subscription Warrant of Continental Micronesia granted to United Micronesia Development Association, Inc. -- incorporated by reference to Exhibit 10.18 to the 1993 S-1.
- 10.17 Lease Agreement, as amended and supplemented, between the Company and the City of Houston, Texas regarding Terminal C of Houston Intercontinental Airport -- incorporated by reference to Exhibit 10.5 to Continental's Quarterly Report on Form 10-Q for the quarter ended September 30, 1993 (the "September 10-Q").
- 10.18 Agreement and Lease dated as of May 1987, as supplemented, between the City of Cleveland, Ohio and Continental regarding Cleveland Hopkins International Airport -- incorporated by reference to Exhibit 10.6 to the September 10-Q.
- 10.19 Third Revised Investment Agreement dated April 21, 1994 between America West Airlines, Inc. and AmWest Partners, L.P. -- incorporated by reference to Exhibit 1 to the August 25, 1994 Schedule 13D.
- 22.1 List of Subsidiaries of Continental -- incorporated by reference to Exhibit 22.1 to the 1993 S-1.
- 23.1 Consent of Ernst & Young LLP -- filed herewith.
- 23.2 Consent of Arthur Andersen LLP -- filed herewith.
- 25.1 Powers of attorney executed by certain directors and officers of Continental -- filed herewith.
- 27.1 Financial Data Schedule -- filed herewith.

*These exhibits relate to management contracts or compensatory plans or arrangements.

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

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

By /s/ DANIEL P. GARTON
Daniel P. Garton
Senior Vice President and
Chief Financial Officer

Date: April 12, 1995

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant in the capacities and on the dates indicated.

Signature

Capacity

Date

(i) Principal Executive Officer:

GORDON M. BETHUNE* Gordon M. Bethune	President, Chief Executive Officer and Director	April 12, 1995
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(ii) Principal Financial Officer:

/s/ DANIEL P. GARTON Daniel P. Garton	Senior Vice President and Chief Financial Officer	April 12, 1995
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(iii) Principal Accounting Officer:

/s/ MICHAEL P. BONDS Michael P. Bonds	Staff Vice President and Controller	April 12, 1995
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(iv) A Majority of the Directors:

THOMAS J. BARRACK, JR.* Thomas J. Barrack, Jr.	Director	April 12, 1995
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DAVID BONDERMAN* David Bonderman	Director and Chairman of the Board	April 12, 1995
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JOEL H. COWAN* Joel H. Cowan	Director	April 12, 1995
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PATRICK FOLEY* Patrick Foley	Director	April 12, 1995
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ROWLAND C. FRAZEE* Rowland C. Frazee	Director	April 12, 1995
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HOLLIS L. HARRIS* Hollis L. Harris	Director	April 12, 1995
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ROBERT L. LUMPKINS* Robert L. Lumpkins	Director	April 12, 1995
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DOUGLAS McCORKINDALE* Douglas McCorkindale	Director	April 12, 1995
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DAVID E. MITCHELL, O.C.* David E. Mitchell, O.C.	Director	April 12, 1995
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RICHARD W. POGUE* Richard W. Pogue	Director	April 12, 1995
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WILLIAM S. PRICE* William Price	Director	April 12, 1995
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DONALD L. STURM* Donald L. Sturm	Director	April 12, 1995
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CLAUDE I. TAYLOR, O.C.* Claude I. Taylor, O.C.	Director	April 12, 1995
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KAREN HASTIE WILLIAMS* Karen Hastie Williams	Director	April 12, 1995
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CHARLES A. YAMARONE* Charles A. Yamarone	Director	April 12, 1995
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*By /s/ Daniel P. Garton

Daniel P. Garton
Attorney-in-Fact
April 12, 1995

Exhibit 4.8(a)

WAIVER, CONSENT AND AMENDMENT TO
CMI LOAN AGREEMENT

WAIVER, CONSENT AND AMENDMENT TO CMI LOAN AGREEMENT, dated as of March 30, 1995 (this "Amendment"), among CONTINENTAL MICRONESIA, INC., a Delaware corporation ("Borrower"), AIR MICRONESIA, INC., a Delaware corporation ("Guarantor"), the financial institutions party to the Loan Agreement referred to below ("Lenders"), and GENERAL ELECTRIC CAPITAL CORPORATION, a New York corporation ("GE Capital"), as agent for said Lenders under the Loan Agreement (in such capacity, "Agent").

W I T N E S S E T H :

WHEREAS, Borrower, Guarantor, Lenders and Agent are parties to that certain Loan Agreement, dated as of April 27, 1993 (such Agreement, as it may be hereafter amended, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Loan Agreement", and capitalized terms defined therein and not otherwise defined herein being used herein as therein defined; and

WHEREAS, Continental Airlines, Inc. ("Continental"), Continental Express, Inc., GE Capital, General Electric Company, and Global Project & Structured Finance Corporation, are parties to that certain Master Restructuring Agreement, dated as of March 30, 1995 (the "Restructuring Agreement"), pursuant to which certain obligations of Borrower and Continental are being restructured; and

WHEREAS, Borrower has advised Lenders and Agent that Borrower wishes to amend certain provisions of the Loan Agreement in connection with the transactions contemplated by the Restructuring Agreement, and Borrower has requested that Lenders agree to various amendments to, and waivers of, certain provisions of the Loan Agreement in connection therewith; and

WHEREAS, Lenders have agreed so to amend and waive, as the case may be, certain provisions of the Loan Agreement upon the terms and subject to the conditions provided herein;

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. Waiver and Consent. The obligation of Borrower to make any principal payment of the Loan due and payable as set forth in Section 2.1(c) of the Loan Agreement on any Interest Payment Date during the period from January 1, 1995 through December 31, 1996 (a "Deferred Principal Payment Date") is hereby waived and each such principal payment otherwise due and payable on such Deferred Principal Payment Date shall instead be repaid in accordance with Section 2.1(c) of the Loan Agreement, as amended by this Amendment.

SECTION 2. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) Section 1 is hereby amended as follows:

(i) by deleting the definition of the term "Disposition" in its entirety and substituting the following new definition in lieu therefor:

"'Disposition' shall mean any sale, transfer, assignment, conveyance or other disposition.";

(ii) by deleting the definition of the term "Disposition Notice" in its entirety;

(iii) by inserting in the definition of the term "Eligible Assignee" before the first reference therein to "any Person" the reference to "GE Capital, Societe Nationale d'Etude et de Construction de Moteurs D'Aviation, MTU Motoren-und Turbinen-Union Munchen, GmbH, any of their respective Subsidiaries or Affiliates, or";

(iv) by deleting in the definition of the term "Lender" the reference therein to "by Section 8.1(a)(i) or 8.1(a)(ii)" and substituting the reference to "hereunder" in lieu therefor; and

(v) by inserting the following new definitions in proper alphabetical order:

"'CMI Deferred Amount' shall mean the aggregate amount of all principal payments deferred in accordance with the terms of Section 1 of the Waiver, Consent and Amendment."

"'CMI Deferred Date' shall mean December 31, 1996."

"'CMI LIBOR Rate' shall mean the average of the four rates, reported from time to time by Telerate News Service (or such other number of rates as such service may from time to time report), at which foreign branches of major United States banks offer United States dollar deposits to other banks for a 90-day period in the London interbank market at approximately 11:00 a.m., London time, on the second full Eurodollar Business Day next preceding each Interest Payment Date set forth on Schedule 2.1 attached hereto during which any CMI Deferred Amount is to be outstanding (unless such Interest Payment Date is not a Business Day, in which event such interest rates shall be determined two Eurodollar Business Days prior to the Business Day next succeeding such Interest Payment Date). If such interest rates shall cease to be available from Telerate News Service, the CMI LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Agent and Borrower. Such CMI LIBOR Rate, as determined above, will remain in effect with respect to any outstanding CMI Deferred Amount to but not including the next Interest Payment Date, after which the CMI LIBOR Rate determined in accordance with the prior two sentences shall be in effect."

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

"'Deferred Principal Payment Date' shall have the meaning set forth in Section 1 of the Waiver, Consent and Amendment."

"'Eurodollar Business Day' shall mean a Business Day on which banks in the city of London are generally open for interbank or foreign exchange transactions."

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

"'Waiver, Consent and Amendment' shall mean that certain Waiver, Consent and Amendment, dated as of March 30, 1995, among Borrower, Guarantor, Lenders and GE Capital, as Agent."

(b) Section 2.1 is hereby amended by deleting subsection (c) thereof in its entirety and substituting the following new subsection (c) in lieu therefor:

"(c) The principal amount of each Loan (other than the CMI Deferred Amount) shall be due and payable in quarterly installments in the amounts and on the Interest Payment Dates set forth in Schedule 2.1 attached hereto. The CMI Deferred Amount outstanding on the CMI Deferred Date shall be due and payable in the amounts and on the dates set forth on Schedule 2.1 attached hereto.

(c) Section 2.2 is hereby amended as follows:

(i) by deleting in subsection (b) thereof the first parenthetical contained therein;

(ii) by deleting subsection (f) thereof in its entirety; and

(iii) by renumbering subsection (g) thereof to be new subsection (f).

(d) Section 2.2 is hereby amended by deleting clause (iii) of subsection (d) thereof in its entirety and substituting the following new clause (iii) in lieu therefor:

"(iii) applied first, ratably to the scheduled payments of the outstanding amounts set forth in the column titled Deferred Principal Balance on Schedule 2.1 hereto, and then, to the scheduled payments of the outstanding amounts set forth in the column titled Principal Balance on Schedule 2.1 hereto in the inverse order of maturity. Notwithstanding anything to the contrary contained herein, the CMI Deferred Amount may be prepaid in whole or in part without any prepayment penalty."

(e) Section 2.5 is hereby amended as follows:

(i) by deleting the words "on the average outstanding principal balance of the Notes outstanding" in the second sentence of subsection (a) thereof immediately prior to clause (i) therein and substituting the following words "on each day during such Payment Period on the amount set forth in the column titled Principal Balance on Schedule 2.1 hereof (as reduced by any prepayments made during such Payment Period) opposite the Interest Payment Date that is the first day of such Payment Period"; and

(ii) by inserting the following new proviso before the parenthetical at the end of the second sentence of subsection (a) thereof:

"provided, however, that interest shall accrue on each day during such Payment Period on the amount set forth in the column titled Deferred Principal Balance on Schedule 2.1 hereof (as reduced by any prepayments made during such Payment Period) opposite the Interest Payment Date that is the first day of such Payment Period at a rate per annum equal to 4% above the CMI LIBOR Rate in effect during such Payment Period".

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

(g) Section 5.1 is hereby amended as follows:

(i) by deleting subsection (a) thereof in its entirety and substituting the following new subsection (a) in lieu therefor:

"(a) Upon the earlier to occur of the date of distribution, in final form, to Borrower's management or within 45 days after the end of each fiscal month, (i) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month and, if prepared in the ordinary course, a copy in final form of the consolidated balance sheet as of the close of such month and statement of cash flow of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month, (ii) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for such month, in each case, prepared in the form customarily produced by Borrower for internal corporate, financial or accounting purposes, and (iii) a comparison of actual cash forecasts, budgets and other information required to be delivered to Lender in accordance with Sections 5.1(a) and 5.1(g) with the amounts projected for such fiscal month.";

(ii) by deleting subsection (g) thereof in its entirety and substituting the following new subsection (g) in lieu therefor:

"(g) Promptly upon preparation in final form and in any event at the beginning of each Fiscal Year:

(i) projected consolidated cash flow statements including summary details of cash disbursements, including Capital Expenditures, for

such Fiscal Year, and projected consolidated income statements of Borrower and its Subsidiaries, on a monthly basis;

(ii) if prepared in the ordinary course, projected consolidated balance sheets of Borrower and its Subsidiaries for such Fiscal Year, on a quarterly basis, together with appropriate supporting details as requested by Lender;

(iii) any other budgets or formal financial projections prepared regarding Borrower and distributed to Borrower's Stockholders; and

(iv) projected budgets for the next 12 months regarding Borrower and its Subsidiaries, together with statistical information, on a monthly basis.";

(iii) by inserting at the end of subsection (l) thereof before the period at the end thereof the reference to "and shall also provide Agent, upon its reasonable request, with reasonable opportunities to discuss all of the foregoing information provided to Agent and each Lender pursuant to this Section 5 with appropriate members of management of AMI, Borrower or any of their respective Subsidiaries, as appropriate".

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

(i) Section 8.1 is hereby amended by deleting it in its entirety and substituting the reference to "[RESERVED]" in lieu therefor.

(j) Section 8.2 is hereby amended as follows:

(i) by deleting in subsection (a) thereof the first parenthetical therein;

(ii) by deleting in subsection (a) thereof the two references therein to "the Tranche A Loan" and substituting the reference to "any Loan" in lieu therefor;

(iii) by deleting in subsection (b) thereof the first parenthetical therein; and

(iv) by deleting in subsection (b) thereof the reference therein to "the Tranche A Loan" and substituting the reference to "any Loan" in lieu therefor.

(k) Section 8.3 is hereby amended by deleting in the first sentence of subsection (d) thereof the reference therein to "Tranche A Loan to an Eligible Assignee" and substituting the reference to "Tranche A Loan or Tranche B Loan, as the case may be, to a Lender or an Eligible Assignee" in lieu therefor.

(l) Section 8.4 is hereby amended as follows:

(i) by deleting the first sentence of subsection (a) thereof in its entirety and substituting the following new sentence in lieu therefor:

"Each Lender may sell, transfer, assign or negotiate all or a portion of the Loans owing to it and the Notes held by it and a commensurate portion of its rights and obligations hereunder and under the other Loan Documents; provided, however, that (i) each such assignment shall be of a constant, and not a varying percentage of all of the assigning Lender's rights and obligations under this Agreement, (ii) each assignee hereunder shall also be a Lender or an Eligible Assignee, (iii) each such sale, transfer or assignment shall be in an aggregate principal amount of not less than \$5,000,000 and (iv) no such assignment may result in the Notes being beneficially owned by more than fifteen (15) Persons in the aggregate.";

(ii) by deleting in the second sentence of subsection (a) thereof the reference therein to "Tranche A"; and

(iii) by deleting in the first sentence of subsection (d) thereof the reference therein to "Tranche A".

(m) Section 9.1 is hereby amended by inserting the

following new subsection (s) at the end thereof:

"(s) So long as GE Capital or any of its Affiliates shall hold any Note or be owed any Obligation under this Agreement or any of the other Loan Documents, Borrower shall fail to make any payment when due, taking into account applicable cure periods, if any (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) on any Indebtedness owed by Borrower to GE Capital or any of its Affiliates; or any such Indebtedness shall be declared to be due and payable or required to be prepaid in full (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof."

(n) Schedule 2.1 to the Loan Agreement is deleted and Schedule 2.1 hereto is substituted therefor.

SECTION 3. Effective Date. This Amendment shall become effective upon the Restructuring Date (as such term is defined the Restructuring Agreement).

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

SECTION 5. Miscellaneous. (a) Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Loan Agreement and the other Loan Documents to "this Agreement," "hereunder," "hereof," "herein," or words of like import, shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement and all of the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, Borrower hereby confirms that all of its obligations under the Collateral Documents shall continue and shall remain in full force and effect.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lenders or Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(d) This Amendment may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement.

(e) The section titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not part of the agreement among the parties hereto.

(f) Except as otherwise expressly provided in any of the Loan Documents, in all respects, including all matters of construction, validity and performance, this Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to the principles thereof regarding conflicts of law, and any applicable laws of the United States. Agent, each Lender and Borrower agree to submit to personal jurisdiction and, to the extent permitted by applicable law, to waive any objection as to venue in the County of New York, State of New York. To the extent permitted by applicable law, service of process on Borrower, Agent or any Lender in any action arising out of or relating to this Amendment shall be effective if mailed to such party at the address listed Section 11.11 of the Loan Agreement. Nothing herein shall preclude Agent, Lender or Borrower from bringing suit or taking other legal action in any other jurisdiction.

(g) To the extent permitted by applicable law, the parties hereto waive all right to trial by jury in any action or proceeding to enforce or defend any rights under this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL MICRONESIA, INC.

By: /s/ JOANNE ROEMER
Name: Joanne Roemer
Title: Vice President & CFO

AIR MICRONESIA, INC.

By: /s/ JOHN LUTH
Name: John E. Luth
Title: Attorney-in-Fact

GENERAL ELECTRIC CAPITAL
CORPORATION, as Agent and
Lender

By: ERIC M. DULL
Name: Eric M. Dull
Title: Attorney-in-Fact

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

Exhibit 4.9(a)

WAIVER, CONSENT AND AMENDMENT TO
SERIES B-1 LOAN AGREEMENT

WAIVER, CONSENT AND AMENDMENT TO SERIES B-1 LOAN AGREEMENT, dated as of March 30, 1995 (this "Amendment"), between CONTINENTAL AIRLINES, INC., a Delaware corporation ("Borrower") and GLOBAL PROJECT & STRUCTURED FINANCE CORPORATION (successor by merger to ASATT Corp.) ("Lender").

W I T N E S S E T H :

WHEREAS, Borrower and Lender are parties to that certain Loan Agreement, dated as of April 27, 1993 (such Agreement, as it may be hereafter amended, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Loan Agreement", and capitalized terms defined therein and not otherwise defined herein being used herein as therein defined); and

WHEREAS, Borrower, together with Continental Express, Inc., GE Capital, General Electric Company, and Lender, are parties to that certain Master Restructuring Agreement, dated as of March 30, 1995 (the "Restructuring Agreement"), pursuant to which certain obligations of Borrower are being restructured; and

WHEREAS, Borrower has advised Lender that Borrower wishes to amend certain provisions of the Loan Agreement in connection with the transactions contemplated by the Restructuring Agreement, and Borrower has requested that Lender agree to various amendments to, and waivers of, certain provisions of the Loan Agreement in connection therewith; and

WHEREAS, Lender has agreed so to amend and waive, as the case may be, certain provisions of the Loan Agreement upon the terms and subject to the conditions provided herein;

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. Waiver and Consent. The obligation of Borrower to make any principal payment of the Loan due and payable as set forth in Section 2.1(c) of the Loan Agreement on any Interest Payment Date during the period from January 1, 1995 through December 31, 1996 (a "Deferred Principal Payment Date") is hereby waived and each such principal payment otherwise due and payable on such Deferred Principal Payment Date shall instead be repaid in accordance with Section 2.1(c) of the Loan Agreement, as amended by this Amendment [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SECTION 2. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) Section 1 is hereby amended as follows:

(i) by inserting in the definition of the term "Net Sales Proceeds" after each reference therein to "Asset Sale" the reference to "Equity Issuance, Debt Issuance or Stock Sale, as the case may be,"; and

(ii) by inserting the following new definitions in proper alphabetical order:

"'B-1 Deferred Amount' shall mean the aggregate amount of all principal payments deferred in accordance with the terms of Section 1 of the Waiver, Consent and Amendment. "

"'B-1 Deferred Date' shall mean December 31, 1996."

"'B-1 LIBOR Rate' shall mean the average of the four rates, reported from time to time by Telerate News Service (or such other number of rates as such service may from time to time report), at which foreign branches of major United

States banks offer United States dollar deposits to other banks for a 90-day period in the London interbank market at approximately 11:00 a.m., London time, on the second full Eurodollar Business Day next preceding each Interest Payment Date set forth on Schedule 2.1 attached hereto during which any B-1 Deferred Amount is to be outstanding (unless such Interest Payment Date is not a Business Day, in which event such interest rates shall be determined two Eurodollar Business Days prior to the Business Day next succeeding such Interest Payment Date). If such interest rates shall cease to be available from Telerate News Service, the B-1 LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Lender and Borrower. Such B-1 LIBOR Rate, as determined above, will remain in effect with respect to any outstanding B-1 Deferred Amount to but not including the next Interest Payment Date, after which the B-1 LIBOR Rate determined in accordance with the prior two sentences shall be in effect."

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

"'Deferred Principal Payment Date' shall have the meaning set forth in Section 1 of the Waiver, Consent and Amendment."

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

"'Eurodollar Business Day' shall mean a Business Day on which banks in the city of London are generally open for interbank or foreign exchange transactions."

"'Restructuring Agreement' shall mean that certain Master Restructuring Agreement, dated as of March 30, 1995, among Borrower, Continental Express, Inc., GE Capital, General Electric Company, and Lender."

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

"'Waiver, Consent and Amendment' shall mean that certain Waiver, Consent and Amendment, dated as of March 30, 1995, between Borrower and Lender."

(b) Section 2.1 is hereby amended by deleting subsection (c) thereof in its entirety and substituting the following new subsection (c) in lieu therefor:

"(c) The principal amount of the Loan (other than the B-1 Deferred Amount) shall be due and payable in quarterly installments in the amounts and on the Interest Payment Dates set forth in Schedule 2.1 attached hereto. The B-1 Deferred Amount outstanding on the B-1 Deferred Date shall be due and payable in the amounts and on the dates set forth on Schedule 2.1 attached hereto [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) Section 2.2 is hereby amended by deleting subsection (e) thereof in its entirety and substituting the following new subsection (e) in lieu therefor:

"(e) Each prepayment made pursuant to subsection (a) hereof shall be applied first, ratably to the scheduled payments of the outstanding amounts set forth in the column titled Deferred Principal Payment on Schedule 2.1 hereto, and then, to the scheduled payments of the outstanding amounts set forth in the column titled Principal Payment on Schedule 2.1 hereto in the inverse order of maturity. Notwithstanding

anything to the contrary contained herein, the B-1 Deferred Amount may be prepaid in whole or in part without any prepayment penalty."

(d) Section 2.3 is hereby amended as follows:

(i) by deleting subsection (d) thereof in its entirety and substituting the following new subsection (d) in lieu therefor:

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

(ii) by inserting the following new subsections (e), (f) and (g) at the end thereof:

"(e) Each prepayment made pursuant to subsections (a), (d) and (g) hereof shall be applied first, ratably to the scheduled payments of the B-1 Deferred Amount, and then, to the scheduled payments due under Section 2.1 hereof (excluding the B-1 Deferred Amount) in the inverse order of maturity.

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

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

(e) Section 2.6 is hereby amended as follows:

(i) by deleting the words "on the average principal balance of the Note outstanding during such Payment Period" in the second sentence of subsection (a) thereof and substituting the following words "on each day during such Payment Period on the amount set forth in the column titled Principal Balance on Schedule 2.1 hereof (as reduced by any prepayments made during such Payment Period) opposite the Interest Payment Date that is the first day of such Payment Period"; and

(ii) by inserting the following new proviso before the end of the second sentence of subsection (a) thereof:

"provided, however, that interest shall accrue on each day during such Payment Period on the amount set forth in the column titled Deferred Principal Balance on Schedule 2.1 hereof (as reduced by any prepayments made during such Payment Period) opposite the Interest Payment Date that is the first day of such Payment Period at a rate per annum equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] above the B-1 LIBOR Rate in effect during such Payment Period".

(f) Section 5.1 is hereby amended as follows:

(i) by deleting subsection (a) thereof in its entirety and substituting the following new subsection (a) in lieu therefor:

"(a) Upon the earlier to occur of the date of distribution, in final form, to Borrower's management or within 45 days after the end of each fiscal month, (i) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month and, if prepared in the ordinary course, a copy in final form of the consolidated balance sheet as of the close of such month and statement of cash flow of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month, (ii) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for such month, in each case, prepared in the form customarily produced by Borrower for internal corporate, financial or accounting purposes, and (iii) a comparison of cash forecasts, budgets and other information

required to be delivered to Lender in accordance with Sections 5.1(a) and 5.1(f) with the actual results for such fiscal month.";

(ii) by deleting subsection (f) thereof in its entirety and substituting the following new subsection (f) in lieu thereof:

"(f) Promptly upon preparation in final form and in any event by the first Business Day of each Fiscal Year:

(i) projected consolidated cash flow statements including summary details of cash disbursements, including Capital Expenditures, for such Fiscal Year, and projected consolidated income statements of Borrower and its Subsidiaries, on a monthly basis;

(ii) if prepared in the ordinary course, projected consolidated balance sheets of Borrower and its Subsidiaries for such Fiscal Year, on a quarterly basis, together with appropriate supporting details as requested by Lender;

(iii) any other budgets or formal financial projections prepared regarding Borrower and distributed to Borrower's Stockholders; and

(iv) projected budgets for the next 12 months regarding Borrower and its Subsidiaries, together with statistical information, on a monthly basis.";

(iii) by renumbering subsection (j) to be new subsection (k);

(iv) by inserting the following new subsection (j) in the proper alphabetical order:

"(j) As soon as practicable but in any event on the first Business Day of each fiscal week of each fiscal month, cash forecasts, including schedules reflecting cash balances, actual and projected, and sources and uses of cash for such fiscal week, for the preceding fiscal week and for each of the two succeeding fiscal weeks."; and

(v) by inserting at the end of new subsection (k) thereof before the period at the end thereof the reference to "and shall also provide Lender, upon its reasonable request, with reasonable opportunities to discuss all of the foregoing information provided to Lender pursuant to this Section 5 with appropriate members of management of Borrower or any of its Subsidiaries, as appropriate".

(g) Section 9.1 is hereby amended by inserting the following new subsection (p) at the end thereof:

"(p) So long as GE Capital or any of its Affiliates shall hold any Note or be owed any Obligation under this Agreement or any of the other Loan Documents, Borrower shall fail to make any payment when due, taking also into account applicable cure periods, if any (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) on any Indebtedness owed by Borrower to GE Capital or any of its Affiliates; or any such Indebtedness shall be declared to be due and payable or required to be prepaid in full (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof."

(h) Schedule 2.1 to the Loan Agreement is deleted and Schedule 2.1 hereto is substituted therefor.

SECTION 3. Effective Date. This Amendment shall become effective upon the Restructuring Date (as such term is defined in the Restructuring Agreement).

SECTION 4. Miscellaneous. (a) Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Loan Agreement and the other Loan Documents to "this Agreement," "hereunder," "hereof," "herein," or words of like import, shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan

Agreement and all of the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, Borrower hereby confirms that all of its obligations under the Collateral Documents shall continue and shall remain in full force and effect.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lender or Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(d) This Amendment may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement.

(e) The Section Titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not part of the agreement among the parties hereto.

(f) Except as otherwise expressly provided in any of the Loan Documents, in all respects, including all matters of construction, validity and performance, this Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to the principles thereof regarding conflicts of law, and any applicable laws of the United States. Agent, each Lender and Borrower agree to submit to personal jurisdiction and, to the extent permitted by applicable law, to waive any objection as to venue in the County of New York, State of New York. To the extent permitted by applicable law, service of process on Borrower, Agent or any Lender in any action arising out of or relating to this Amendment shall be effective if mailed to such party at the address listed Section 11.11 of the Loan Agreement. Nothing herein shall preclude Agent, Lender or Borrower from bringing suit or taking other legal action in any other jurisdiction.

(g) To the extent permitted by applicable law, the parties hereto waive all right to trial by jury in any action or proceeding to enforce or defend any rights under this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL AIRLINES, INC.

By: /s/ JOHN LUTH
Name: John E. Luth
Title: Senior Vice
President and Chief
Information Officer

GLOBAL PROJECT & STRUCTURED
FINANCE CORPORATION

By: /s/ ERIC M. DULL
Name: Eric M. Dull
Title: Vice President

Schedule 2.1

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

Exhibit 4.9(b)

WAIVER, CONSENT AND AMENDMENT TO
SERIES B-2 LOAN AGREEMENT

WAIVER, CONSENT AND AMENDMENT TO SERIES B-2 LOAN AGREEMENT, dated as of March 30, 1995 (this "Amendment"), between CONTINENTAL AIRLINES, INC., a Delaware corporation ("Borrower") and GLOBAL PROJECT & STRUCTURED FINANCE CORPORATION (successor by merger to ASATT Corp.) ("Lender").

W I T N E S S E T H :

WHEREAS, Borrower and Lender are parties to that certain Loan Agreement, dated as of April 27, 1993 (such Agreement, as it may be hereafter amended, supplemented or otherwise modified from time to time, being hereinafter referred to as the "Loan Agreement", and capitalized terms defined therein and not otherwise defined herein being used herein as therein defined; and

WHEREAS, Borrower, together with Continental Express, Inc., GE Capital, General Electric Company, and Lender, are parties to that certain Master Restructuring Agreement, dated as of March 30, 1995 (the "Restructuring Agreement"), pursuant to which certain obligations of Borrower are being restructured; and

WHEREAS, Borrower has advised Lender that Borrower wishes to amend certain provisions of the Loan Agreement in connection with the transactions contemplated by the Restructuring Agreement, and Borrower has requested that Lender agree to various amendments to, and waivers of, certain provisions of the Loan Agreement in connection therewith; and

WHEREAS, Lender has agreed so to amend and waive, as the case may be, certain provisions of the Loan Agreement upon the terms and subject to the conditions provided herein;

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. Waiver and Consent. The obligation of Borrower to make any principal payment of the Loan due and payable as set forth in Section 2.1(c) of the Loan Agreement on any Interest Payment Date during the period from January 1, 1995 through December 31, 1996 (a "Deferred Principal Payment Date") is hereby waived and each such principal payment otherwise due and payable on such Deferred Principal Payment Date shall instead be repaid in accordance with Section 2.1(c) of the Loan Agreement, as amended by this Amendment [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SECTION 2. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) Section 1 is hereby amended as follows:

(i) by inserting in the definition of the term "Net Sales Proceeds" after each reference therein to "Asset Sale" the reference to "Equity Issuance, Debt Issuance or Stock Sale, as the case may be,"; and

(ii) by inserting the following new definitions in proper alphabetical order:

"'B-2 Deferred Amount' shall mean the aggregate amount of all principal payments deferred in accordance with the terms of Section 1 of the Waiver, Consent and Amendment. "

"'B-2 Deferred Date' shall mean December 31, 1996."

"'B-2 LIBOR Rate' shall mean the average of the four rates, reported from time to time by Telerate News Service (or such other number of rates as such service may from time to time

report), at which foreign branches of major United States banks offer United States dollar deposits to other banks for a 90-day period in the London interbank market at approximately 11:00 a.m., London time, on the second full Eurodollar Business Day next preceding each Interest Payment Date set forth on Schedule 2.1 attached hereto during which any B-2 Deferred Amount is to be outstanding (unless such Interest Payment Date is not a Business Day, in which event such interest rates shall be determined two Eurodollar Business Days prior to the Business Day next succeeding such Interest Payment Date). If such interest rates shall cease to be available from Telerate News Service, the B-2 LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Lender and Borrower. Such B-2 LIBOR Rate, as determined above, will remain in effect with respect to any outstanding B-2 Deferred Amount to but not including the next Interest Payment Date, after which the B-2 LIBOR Rate determined in accordance with the prior two sentences shall be in effect."

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

"Deferred Principal Payment Date' shall have the meaning set forth in Section 1 of the Waiver, Consent and Amendment."

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

"Eurodollar Business Day' shall mean a Business Day on which banks in the city of London are generally open for interbank or foreign exchange transactions."

"Restructuring Agreement' shall mean that certain Master Restructuring Agreement, dated as of March 30, 1995, among Borrower, Continental Express, Inc., GE Capital, General Electric Company, and Lender."

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

"Waiver, Consent and Amendment' shall mean that certain Waiver, Consent and Amendment, dated as of March 30, 1995, between Borrower and Lender."

(b) Section 2.1 is hereby amended by deleting subsection (c) thereof in its entirety and substituting the following new subsection (c) in lieu thereof:

"(c) The principal amount of the Loan (other than the B-2 Deferred Amount) shall be due and payable in quarterly installments in the amounts and on the Interest Payment Dates set forth in Schedule 2.1 attached hereto. The B-2 Deferred Amount outstanding on the B-2 Deferred Date shall be due and payable in the amounts and on the dates set forth on Schedule 2.1 attached hereto [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) Section 2.2 is hereby amended by deleting subsection (e) thereof in its entirety and substituting the following new subsection (e) in lieu thereof:

"(e) Each prepayment made pursuant to subsection (a) hereof shall be applied first, ratably to the scheduled payments of the outstanding amounts set forth in the column titled Deferred Principal Payment on Schedule 2.1 hereto and then, to the scheduled payments of the outstanding amounts set forth in the column titled Principal Payment on Schedule 2.1 hereto in the

inverse order of maturity. Notwithstanding anything to the contrary contained herein, the B-2 Deferred Amount may be prepaid in whole or in part without any prepayment penalty."

(d) Section 2.3 is hereby amended as follows:

(i) by deleting subsection (d) thereof in its entirety and substituting the following new subsection (d) in lieu therefor:

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

(ii) by inserting the following new subsections (e), (f) and (g) at the end thereof:

"(e) Each prepayment made pursuant to subsections (a), (d) and (g) hereof shall be applied first, ratably to the scheduled payments of the B-2 Deferred Amount and then, to the scheduled payments due under Section 2.1 hereof (excluding the B-2 Deferred Amount) in the inverse order of maturity.

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

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

(e) Section 2.6 is hereby amended as follows:

(i) by deleting the words "on the average principal balance of the Note outstanding during such Payment Period" in the second sentence of subsection (a) thereof and substituting the following words "on each day during such Payment Period on the amount set forth in the column titled Principal Balance on Schedule 2.1 hereof (as reduced by any prepayments made during such Payment Period) opposite the Interest Payment Date that is the first day of such Payment Period"; and

(ii) by inserting the following new proviso before the end of the second sentence of subsection (a) thereof:

"provided, however, that interest shall accrue on each day during such Payment Period on the amount set forth in the column titled Deferred Principal Balance on Schedule 2.1 hereof (as reduced by any prepayments made during such Payment Period) opposite the Interest Payment Date that is the first day of such Payment Period at a rate per annum equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] above the B-2 LIBOR Rate in effect during such Payment Period".

(f) Section 5.1 is hereby amended as follows:

(i) by deleting subsection (a) thereof in its entirety and substituting the following new subsection (a) in lieu therefor:

"(a) Upon the earlier to occur of the date of distribution, in final form, to Borrower's management or within 45 days after the end of each fiscal month, (i) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month and, if prepared in the ordinary course, a copy in final form of the consolidated balance sheet as of the close of such month and statement of cash flow of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month, (ii) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for such month, in each case, prepared in the form customarily produced by Borrower for internal corporate, financial or accounting purposes and (iii) a comparison of cash forecasts,

budgets and other information required to be delivered to Lender in accordance with Sections 5.1(a) and 5.1(f) with the actual results for such fiscal month.";

(ii) by deleting subsection (f) thereof in its entirety and substituting the following new subsection (f) in lieu thereof:

"(f) Promptly upon preparation in final form and in any event by the first Business Day of each Fiscal Year:

(i) projected consolidated cash flow statements including summary details of cash disbursements, including Capital Expenditures, for such Fiscal Year, and projected consolidated income statements of Borrower and its Subsidiaries, on a monthly basis;

(ii) if prepared in the ordinary course, projected consolidated balance sheets of Borrower and its Subsidiaries for such Fiscal Year, on a quarterly basis, together with appropriate supporting details as requested by Lender;

(iii) any other budgets or formal financial projections prepared regarding Borrower and distributed to Borrower's Stockholders; and

(iv) projected budgets for the next 12 months regarding Borrower and its Subsidiaries, together with statistical information, on a monthly basis.";

(iii) by renumbering subsection (j) to be new subsection (k);

(iv) by inserting the following new subsection (j) in the proper alphabetical order:

"(j) As soon as practicable but in any event on the first Business Day of each fiscal week of each fiscal month, cash forecasts, including schedules reflecting cash balances, actual and projected, and sources and uses of cash for such fiscal week, for the preceding fiscal week and for each of the two succeeding fiscal weeks."; and

(v) by inserting at the end of new subsection (k) thereof before the period at the end thereof the reference to "and shall also provide Lender, upon its reasonable request, with reasonable opportunities to discuss all of the foregoing information provided to Lender pursuant to this Section 5 with appropriate members of management of Borrower or any of its Subsidiaries, as appropriate".

(g) Section 9.1 is hereby amended by inserting the following new subsection (p) at the end thereof:

"(p) So long as GE Capital or any of its Affiliates shall hold any Note or be owed any Obligation under this Agreement or any of the other Loan Documents, Borrower shall fail to make any payment when due, taking into account applicable cure periods, if any (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) on any Indebtedness owed by Borrower to GE Capital or any of its Affiliates; or any such Indebtedness shall be declared to be due and payable or required to be prepaid in full (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof."

(h) Schedule 2.1 to the Loan Agreement is deleted and Schedule 2.1 hereto is substituted therefor.

SECTION 3. Effective Date. This Amendment shall become effective upon the Restructuring Date (as such term is defined in the Restructuring Agreement).

SECTION 4. Miscellaneous. (a) Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Loan Agreement and the other Loan Documents to "this Agreement," "hereunder," "hereof," "herein," or words of like import, shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement and all of the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, Borrower hereby confirms that all of its obligations under the Collateral Documents shall continue and shall remain in full force and effect.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Lender or Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(d) This Amendment may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement.

(e) The Section Titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not part of the agreement among the parties hereto.

(f) Except as otherwise expressly provided in any of the Loan Documents, in all respects, including all matters of construction, validity and performance, this Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to the principles thereof regarding conflicts of law, and any applicable laws of the United States. Agent, each Lender and Borrower agree to submit to personal jurisdiction and, to the extent permitted by applicable law, to waive any objection as to venue in the County of New York, State of New York. To the extent permitted by applicable law, service of process on Borrower, Agent or any Lender in any action arising out of or relating to this Amendment shall be effective if mailed to such party at the address listed Section 11.11 of the Loan Agreement. Nothing herein shall preclude Agent, Lender or Borrower from bringing suit or taking other legal action in any other jurisdiction.

(g) To the extent permitted by applicable law, the parties hereto waive all right to trial by jury in any action or proceeding to enforce or defend any rights under this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL AIRLINES, INC.

By: /s/ JOHN E. LUTH
Name: John E. Luth
Title: Senior Vice
President and Chief
Information Officer

GLOBAL PROJECT & STRUCTURED
FINANCE CORPORATION

By: /s/ ERIC M. DULL
Name: Eric M. Dull
Title: Vice President

Schedule 2.1

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

WAIVER, CONSENT AND AMENDMENT TO
CONSOLIDATION LOAN AGREEMENT

WAIVER, CONSENT AND AMENDMENT TO CONSOLIDATION LOAN AGREEMENT, dated as of March 30, 1995 (this "Amendment"), between CONTINENTAL AIRLINES, INC., a Delaware corporation ("Borrower"), and GENERAL ELECTRIC COMPANY, a New York corporation (in its individual capacity, "GE") on its own behalf and as agent for the Holders (as defined in the Loan Agreement referred to below) (in such capacity, "Agent").

W I T N E S S E T H :

WHEREAS, Borrower, GE and Agent are parties to that certain Loan Agreement, dated as of April 27, 1993 (such Loan Agreement, as modified by that certain Waiver, dated as of April 27, 1994 (the "1994 Waiver") and as further amended, supplemented or otherwise modified hereby and from time to time hereafter, being hereinafter referred to as the "Loan Agreement", and capitalized terms defined therein and not otherwise defined herein being used herein as therein defined); and

WHEREAS, Borrower, together with Continental Micronesia, Inc., Continental Express, Inc., General Electric Capital Corporation, GE, and Global Project & Structured Finance Corporation, are parties to that certain Master Restructuring Agreement, dated as of March 30, 1995 (the "Restructuring Agreement"), pursuant to which certain obligations of Borrower are being restructured; and

WHEREAS, Borrower has advised Agent that Borrower wishes to amend certain provisions of the Loan Agreement in connection with the transactions contemplated by the Restructuring Agreement, and Borrower has requested that Agent agree to various amendments to, and waivers of, certain provisions of the Loan Agreement in connection therewith; and

WHEREAS, Agent has agreed so to amend and waive, as the case may be, certain provisions of the Loan Agreement upon the terms and subject to the conditions provided herein;

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. Waiver and Consent. The obligation of the Borrower to make the principal prepayment of \$10 million on March 31, 1995 (the "Waiver Prepayment Date") required by the 1994 Waiver and any scheduled principal payment of the Consolidation Loan due and payable as set forth in Section 2.1(e) of the Loan Agreement on any Payment Date during the period from January 1, 1995 through December 31, 1996 (together with the Waiver Prepayment Date, each a "Deferred Principal Payment Date") is hereby waived and each such principal payment otherwise due and payable on a Deferred Principal Payment Date shall instead be repaid in accordance with Section 2.1(e) of the Loan Agreement, as amended by this Amendment [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

SECTION 2. Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

(a) Section 1 is hereby amended as follows:

(i) by inserting in the definition of "Appraisal" after the word "Collateral" the reference to "or the Liquidation Value, at the time of such appraisal, of any Secondary Collateral";

(ii) by deleting the proviso to the definition of "Collateral Ratio" and inserting the following:

"provided, however, that for purposes of calculation of the Collateral Ratio, only Collateral on which the Consolidation Collateral Agent has a perfected first-priority lien and Secondary Collateral on which the B-1

Collateral Agent or the B-2 Collateral Agent, as the case may be, has a perfected first-priority lien shall be included; and, provided, further, that as long as the B-2 Collateral Agent has a perfected first-priority lien on all general intangibles (as defined in the New York Code) of Borrower, the B-2 Collateral Agent shall be deemed to have a perfected first-priority lien on all Routes of Borrower.";

(iii) by deleting the definition of "Maturity Date" and inserting therefor the following:

"'Maturity Date' shall mean the eighth anniversary of the Closing Date or, with respect to the Consolidation Deferred Amount, January 1, 2005, or in any case any earlier date on which the Loans (including the Consolidation Deferred Amount) are accelerated by Agent pursuant to the terms of Section 9.2 hereof."

(iv) by deleting the definition of "Payment Date" and inserting therefor the following:

"'Payment Date' shall mean each August 1, November 1, February 1, and May 1, or if any such day is not a Business Day, the next succeeding Business Day."

(v) by inserting in the definition of the term "Net Sales Proceeds" after each reference therein to "Asset Sale" the reference to ", Equity Issuance, Debt Issuance or Stock Sale, as the case may be,"; and

(vi) by inserting the following new definitions in proper alphabetical order:

"'Assignment and Acceptance' shall mean an assignment and acceptance agreement entered into by a Holder and an Eligible Assignee, and accepted by Agent, in substantially the form attached hereto as Exhibit S."

"'Consolidation Deferred Amount' shall mean the aggregate amount of all principal payments deferred in accordance with the terms of Section 1 of the Waiver, Consent and Amendment. For the avoidance of doubt, any Consolidation Deferred Amount shall be a Loan hereunder for all purposes, including without limitation, Section 2.6 hereof."

"'Consolidation Deferred Date' shall mean December 31, 1996."

"'Consolidation LIBOR Rate' shall mean the average of the four rates, reported from time to time by Telerate News Service (or such other number of rates as such service may from time to time report), at which foreign branches of major United States banks offer United States dollar deposits to other banks for a 90-day period in the London interbank market at approximately 11:00 a.m., London time, on the second full Eurodollar Business Day next preceding each Payment Date set forth on Schedule 2.1 attached hereto during which any Consolidation Deferred Amount is to be outstanding (unless such Payment Date is not a Business Day, in which event such interest rates shall be determined two Eurodollar Business Days prior to the Business Day next succeeding such Payment Date). If such interest rates shall cease to be available from Telerate News Service, the Consolidation LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Agent and Borrower. Such Consolidation LIBOR Rate, as determined above, will remain in effect with respect to any outstanding Consolidation Deferred Amount to but not including the next Payment Date, after which the Consolidation LIBOR Rate determined in accordance with the prior two sentences shall be in effect."

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

"'Deferred Principal Payment Date' shall

have the meaning assigned to it in Section 1 of the Waiver, Consent and Amendment."

"'Eligible Assignee' shall mean GE Capital, SNECMA, MTU, any of their respective Subsidiaries or Affiliates, or any Person (other than a competitor of Borrower, AMI or CMI or an Affiliate of a competitor of Borrower, AMI or CMI) that is a (i) commercial bank organized under the laws of the U.S., or any state thereof; (ii) commercial bank organized under the laws of any other country which is a member of the Organization of Economic Cooperation and Development (the "OECD"), or a political subdivision of any such country, provided that such bank is acting through a branch or agency located in the country in which it is organized or another country which is also a member of the OECD; (iii) central bank of any country which is a member of the OECD; (iv) commercial finance company or finance subsidiary of a corporation, in each case organized under the laws of the U.S. or any state thereof, provided that such finance company or subsidiary is organized under, and acting through an office located in, a country which is a member of the OECD; (v) insurance company organized under the laws of the U.S. or any state thereof; (vi) investment company organized under the laws of a country which is a member of the OECD and registered under the Investment Company Act of 1940, as amended; or (vii) "accredited investor" as defined in Regulation D promulgated under the Securities Act of 1933, as amended, which is organized under the laws of or a citizen of a country which is a member of the OECD."

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

"'Eurodollar Business Day' shall mean a Business Day on which banks in the city of London are generally open for interbank or foreign exchange transactions."

"'Letter Agreement No. 7' shall mean Letter Agreement No. 7 dated as of March 30, 1995 between Borrower and GE relating to that certain General Terms Agreement No. 6-8057 dated as of December 8, 1989, as amended and restated as of November 1, 1994, between Borrower and GE.

"'Liquidation Value' shall mean as of any date on which the Collateral and Secondary Collateral are to be valued, the price at which a seller could reasonably be expected to make an orderly disposition of all of such Collateral and Secondary Collateral in one or more cash sales within 90 days of such date taking into account the then condition of the applicable property, the total amount of property to be disposed of and prevailing market conditions. For the purposes hereof, the Liquidation Value per share of Stock (herein referred to as a "security") at any date shall be (1) if such Stock is not registered under the Exchange Act, the value of the security determined by an Independent Appraiser in an Appraisal, or (2) if the Stock is registered under the Securities Exchange Act of 1934 as amended (the "Exchange Act"), the average of the daily Market Prices (as defined below) of such security for each Business Day during the period commencing 10 Business Days before such date and ending on the date one day prior to such date. The Market Price for each such Business Day shall be: (A) in the case of a security listed or admitted to trading on any securities exchange, the closing price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, (B) in the case of a security not then listed or admitted to trading on any securities exchange, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by Borrower, (C) in the case of a security not then listed or admitted to trading on any securities exchange and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by the reputable

quotation service, or The Wall Street Journal, Eastern Edition or if such newspaper is no longer published then in a newspaper of general circulation in the Borough of Manhattan, City and State of New York, customarily published on each business day, as designated by Agent or if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 10 Business Days prior to the date in question) for which prices have been so reported, and (D) if there are no bid and asked prices reported during the 10 Business Days prior to the date in question, the Liquidation Value of the security shall be determined as if the security was not registered under the Exchange Act."

"'Market Value of AMI Stock' shall mean, as of the end of each Fiscal Year of AMI, an amount equal to (i) (A) 7 times the EBIT (as defined below) for such Fiscal Year times (B) the percentage of all Stock of AMI held by Borrower on which a perfected, first-priority Lien exists securing the Deferred Amounts, less (ii) the outstanding principal amount of the CMI Loan as at the end of such Fiscal Year. EBIT for any period shall mean the consolidated operating earnings (loss) of AMI for such Fiscal Year."

"'Restructuring Agreement' shall mean that certain Master Restructuring Agreement, dated as of March 30, 1995, among Borrower, Continental Express, Inc., GE Capital, General Electric Company, and Global Project & Structured Finance Corporation."

"'Secondary Obligations' shall mean the aggregate outstanding principal amount of the B Loans, the Modification Financing, Rent Deferrals, the Unearned Allowances (as defined in Letter Agreement No. 7) and the Deferred Amount (as defined in the Restructuring Agreement); provided, however, that Deferred Amounts shall be excluded to the extent that the Market Value of AMI Stock is at least 1.5 times the aggregate outstanding principal amount of the Deferred Amounts (other than the Consolidation Deferred Amounts) so excluded as of such date.

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

"'Waiver, Consent and Amendment' shall mean that certain Waiver, Consent and Amendment, dated as of March 30, 1995, among Borrower, GE and Agent."

(b) Section 2.1 is hereby amended as follows:

(i) by deleting subsection (b) and substituting therefor the following:

(b) Interest shall accrue on the outstanding principal amount of the Consolidation Loan set forth in the column titled Principal Balance at a rate per annum equal to the applicable Base Rate. Interest shall accrue on the outstanding principal amount of the Consolidation Loan set forth in the column titled Deferred Principal Balance at a rate per annum equal to [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] above the Consolidation LIBOR Rate in effect during the period from and including each Payment Date (including for this purpose the Waiver Prepayment Date with respect to the \$10 million prepayment otherwise due thereon) to but not including the next Payment Date. Interest on the Consolidation Loan shall be payable quarterly in arrears on each Payment Date. All computations of interest shall be made on the basis of a 360 day year consisting of twelve 30 day months."; and

(ii) by deleting the first two sentences of paragraph (e) and substituting therefor the following:

The outstanding principal amount of the Consolidation Loan shall be due and payable in quarterly

installments in the amounts, and on the Payment Dates, set forth on Schedule 2.1 hereto [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

(c) Section 2.3 is hereby amended by deleting paragraph (a) in its entirety and substituting therefor the following:

(a) Subject to the further provisions of this Section 2.3, Borrower may elect to prepay (and shall prepay in the event the terms of Section 3.4 of the Mortgage, 8.4 of the Consolidation Security Agreement or 7.9 hereof or any other provision of the Loan Documents other than Section 2.4 hereof so require) the Loans at any time in whole or from time to time in part, upon at least three Business Days' prior notice by delivery to Agent of an irrevocable notice informing Agent of Borrower's election (or obligation) and specifying the date of such prepayment (each, a "Prepayment Date"). Each partial optional prepayment of the Loans shall be in an aggregate principal amount of at least \$1,000,000, and shall be applied, at Borrower's option, to any Loans then outstanding. Any prepayment of the Consolidation Loan shall be applied first, ratably to the scheduled payments set forth under the column titled Deferred Principal Payment on Schedule 2.1 hereto and after payment in full of the Consolidation Deferred Amount to the scheduled payments set forth under the column titled Principal Payment in the inverse order of maturity."

(d) Section 2.4 is hereby amended by:

(i) in paragraph (a) thereof, deleting the words after "the Collateral Ratio" in the seventh line thereof through the end of such sentence; and

(ii) by inserting the following new subsections (c), (d) and (e) at the end thereof:

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

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

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

(e) Section 2.6 is hereby amended by deleting the words "Base Rate" in subsection (b) thereof and substituting therefor the words "interest rate".:

(f) Section 5.1 is hereby amended as follows:

(i) by deleting subsection (a) thereof in its entirety and substituting the following new subsection (a) in lieu thereof:

(a) Upon the earlier to occur of the date of distribution, in final form, to Borrower's management or within 45 days after the end of each fiscal month, (i) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month and, if prepared in the ordinary course, a copy in final form of the consolidated balance sheet as of the close of such month and statement of cash flow of Borrower and its Subsidiaries for that portion of the Fiscal Year ending as of the end of such month, (ii) a copy of the unaudited consolidated statement of income of Borrower and its Subsidiaries for such month, in each case, prepared in the form customarily produced by Borrower for internal corporate, financial or accounting purposes, and (iii) a comparison of cash forecasts, budgets and other information required

to be delivered to Agent in accordance with Sections 5.1(a) and 5.1(f) hereof with the actual results for such fiscal month.;

(ii) by deleting subsection (f) thereof in its entirety and substituting the following new subsection (f) in lieu thereof:

(f) Promptly upon preparation in final form and in any event by the first Business Day of each Fiscal Year:

(i) projected consolidated cash flow statements including summary details of cash disbursements, including Capital Expenditures, for such Fiscal Year, and projected consolidated income statements of Borrower and its Subsidiaries, on a monthly basis;

(ii) if prepared in the ordinary course, projected consolidated balance sheets of Borrower and its Subsidiaries for such Fiscal Year, on a quarterly basis, together with appropriate supporting details as requested by Agent;

(iii) any other budgets or formal financial projections prepared regarding Borrower and distributed to Borrower's Stockholders; and

(iv) projected budgets for the next 12 months regarding Borrower and its Subsidiaries, together with statistical information on a monthly basis.;

(iii) by renumbering subsection (l) to be new subsection (m);

(iv) by inserting the following new subsection (l) in the proper alphabetical order:

(l) As soon as practicable but in any event on the first Business Day of each fiscal week of each fiscal month, cash forecasts, including schedules reflecting cash balances, actual and projected, and sources and uses of cash for such fiscal week, for the preceding fiscal week and for each of the two succeeding fiscal weeks."; and

(v) by inserting at the end of new subsection (m) thereof before the period at the end thereof the reference to "and shall also provide Agent, upon its reasonable request, with reasonable opportunities to discuss all of the foregoing information provided to Agent pursuant to this Section 5 with appropriate members of management of Borrower or any of its Subsidiaries, as appropriate".

(g) Sections 6.15(b) and (c) are deleted in their entirety and the following substituted therefor:

(b) From the Collateral Reset Date until the Termination Date, Borrower covenants and agrees that it will maintain, own and possess Collateral (on which Consolidation Collateral Agent shall have a perfected first-priority Lien) or Secondary Collateral (on which the B-1 Collateral Agent or the B-2 Collateral Agent shall have a perfected first-priority Lien) with a Fair Market Value or Liquidation Value, as the case may be, such that the ratio of (i) the aggregate of (A) the Fair Market Value of Collateral plus (B)(I) the Liquidation Value of Secondary Collateral minus (II) the unpaid principal amount of the Secondary Obligations to (ii) the unpaid principal amount of the Loans shall be at all times equal to or greater than 1.5:1.

(c) Borrower will provide to Agent an Appraisal of the Fair Market Value of the then-existing Collateral and the Liquidation Value of the then-existing Secondary Collateral prepared, at Borrower's expense, by an Independent Appraiser not later than thirty days before each and any of the following events: (i) the Collateral Reset Date; (ii) each anniversary of the Collateral Reset Date; and (iii) payment in full of obligations owing in respect of the B Loans.

(h) Section 6.17(a) is amended by:

(i) deleting the words from and including "Without

limiting in any manner" through and including "any other Loan Document,";

(ii) inserting the following new sentence at the beginning thereof: "Notwithstanding any provision of any other Loan Document, no Collateral or Secondary Collateral shall be released from the Lien thereon granted to the B-1 Collateral Agent, B-2 Collateral Agent or the Consolidation Collateral Agent under the Loan Documents, except in compliance with this Section 6.17.";

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

(iv) deleting subparagraph (i) thereof and substituting therefor the following: "after giving effect to the proposed release of Collateral by the Consolidation Collateral Agent, Borrower will be in compliance with the provisions of this Section 6.17(a);" and

(v) deleting the words "Fair Market" in subparagraph (ii) thereof and substituting therefor the word "Liquidation".

(i) Section 9.1 is hereby amended by inserting the following new subsection (q) at the end thereof:

"(q) So long as GE Capital or any of its Affiliates shall hold any Note or be owed any Obligation under this Agreement or any of the other Loan Documents, Borrower shall fail to make any payment when due, taking into account applicable cure periods, if any (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) on any Indebtedness owed by Borrower to GE Capital or any of its Affiliates; or any such Indebtedness shall be declared to be due and payable or required to be prepaid in full (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof."

(j) Section 10.11 is hereby amended by deleting in subsection (a) thereof the reference therein to Sidley & Austin in its entirety and deleting in subparagraph (b) thereof the reference to Hughes, Hubbard & Reed in its entirety.

(k) Section 10.23 is hereby amended by deleting it in its entirety and substituting the following new Section 10.23 in lieu thereof:

"10.23 (a) Each Holder may sell, transfer, assign or negotiate all or a portion of any Loan owing to it and any Note held by it and a commensurate portion of its rights and obligations hereunder and under the other Loan Documents; provided, however, that (i) each such assignment shall be of a constant, and not a varying percentage of all of the assigning Holder's rights and obligations under this Agreement, (ii) each assignee hereunder shall also be a Holder or an Eligible Assignee, (iii) each such sale, transfer or assignment shall be in an aggregate principal amount of not less than \$5,000,000 and (iv) no such assignment may result in the Notes being beneficially owned by more than 15 Persons in the aggregate. As part of any sales or assignments (other than participations), the parties to each sale or assignment shall execute and deliver to Agent, for its acceptance and recording, an Assignment and Acceptance, together with the Note subject to such assignment. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in the applicable Assignment and Acceptance, (1) the assignee thereunder shall be deemed a party hereto and, to the extent that rights and obligations under the Loan Documents have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Holder hereunder and thereunder, as the case may be, and (2) the assignor thereunder shall, to the extent that rights and obligations under this Agreement have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released

from its obligations under the Loan Documents (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Holder's rights and obligations under the Loan Documents, such Holder shall cease to have any rights hereunder or under the other Loan Documents).

(b) By executing and delivering an Assignment and Acceptance in accordance with Section 10.23(a), the assigning Holder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows:

- (i) other than as provided in such Assignment and Acceptance, such assigning Holder makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of any Loan Document or any other instrument or document furnished pursuant hereto or thereto;
- (ii) such assigning Holder makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or of any other instrument or document furnished pursuant hereto or thereto;
- (iii) such assignee confirms that it has received a copy of each Loan Document, together with copies of the financial statements referred to in Section 4.5 of this Agreement and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance;
- (iv) such assignee will, independently and without reliance upon such assigning Holder or any other Holder or Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decision in taking or not taking action under this Agreement or any Loan Document;
- (v) such assignee confirms that it is an Eligible Assignee or a Holder;
- (vi) such assignee appoints and authorizes Agent to take such action as agent on its behalf and to exercise such powers under the Loan Documents as are delegated to Agent by the terms hereof, together with such powers as are reasonably incidental thereto; and
- (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Holder.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Holder and an Eligible Assignee or a Holder, together with the Note subject to such assignment, Agent shall, if such Assignment and Acceptance has been completed,

- (i) accept such Assignment and Acceptance,
- (ii) record the information contained therein in the Register and
- (iii) give prompt notice thereof to Borrower. Within ten Business Days after its receipt of such notice, Borrower, at its own expense, shall execute and deliver to Agent, in exchange for such surrendered Note, a new Note made payable to such Eligible Assignee or its registered assigns in an amount equal to the interest in the Loan assumed by it pursuant to such Assignment and Acceptance and, if the assigning Holder has retained an interest in the Loan, a new Note made payable to the assigning Holder or its registered assigns in an amount equal to the interest in the Loan retained by it hereunder. Such new Note shall be dated the effective date of such Assignment and Acceptance and shall otherwise be in substantially the form of Exhibit 0 hereto.

(d) Each Holder may sell participations to one or more banks or other entities in or to all or a portion of its rights and obligations under the Loan Documents (including, without limitation, all or a portion of any Loan owing to it and any Note held by it). The terms of such participation shall not, in any event, require the participant's consent to (i) any amendments, waivers or other modifications of any provision of any Loan Documents, or (ii) the consent to any departure by any Loan Party therefrom, or to the exercising or

refraining from exercising any powers or rights which such Holder may have under or in respect of the Loan Documents (including, without limitation, the right to enforce the obligations of the Loan Parties), except if any such amendment, waiver or other modification or consent would (i) reduce the amount, or postpone any date fixed for, any amount (whether of principal or interest) payable to such participant under the Loan Documents, to which such participant would otherwise be entitled under such participation or (ii) result in the release of all or substantially all of the Collateral other than in accordance with the Collateral Documents. In the event of the sale of any participation by any Holder, (i) each Loan Party's obligations under the Loan Documents shall remain unchanged, and no Loan Party shall incur any expense as a result thereof, (ii) such Holder's obligations under the Loan Documents shall remain unchanged, (iii) such Holder shall remain solely responsible to the other parties hereto for the performance of such obligations, (iv) such Holder shall remain the holder of such Notes and Obligations for all purposes of this Agreement, and (v) Borrower, Agent and the other Holders shall continue to deal solely and directly with such Holder in connection with such Holder's rights and obligations under this Agreement.

(e) Subject to the provisions of Section 10.15 hereof, any Holder may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 10.23, disclose to the assignee or participant or proposed assignee or participant any information relating to any Loan Party, furnished to such Holder by or on behalf of such Loan Party."

(1) Section 10.24 is hereby amended by inserting the following new sentences at the end thereof:

"The entries in the Registry shall be conclusive and binding for all purposes, absent manifest error, and the Loan Parties, Agent and Holders may treat each Person whose name is recorded in the Registry as a Holder for all purposes of this Agreement. The Registry shall be available for inspection by Borrower, Agent or any Holder at any reasonable time and from time to time upon reasonable prior notice."

SECTION 3. Amendments to Exhibits and Schedules to Loan Agreement. (a) Exhibit A hereto is added as new Exhibit S to the Loan Agreement.

(b) Schedule 2.1 to the Loan Agreement is hereby deleted in its entirety and Schedule 2.1 hereto is added as a new Schedule 2.1 in lieu thereof.

SECTION 4. Limited Waiver. Agent hereby waives Borrower's compliance with the provisions of Sections 6.15(b) and (c) of the Loan Agreement for the period from the date hereof through June 30, 1995.

SECTION 5. Effective Date. This Amendment shall become effective upon the Restructuring Date (as such term is defined in the Restructuring Agreement).

SECTION 6. Miscellaneous. (a) Upon the effectiveness of this Amendment, on and after the date hereof, each reference in the Loan Agreement and the other Loan Documents to "this Agreement," "hereunder," "hereof," "herein," or words of like import, shall mean and be a reference to the Loan Agreement as amended hereby.

(b) Except as specifically amended herein, the Loan Agreement and all of the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, Borrower hereby confirms that all of its obligations under the Collateral Documents shall continue and shall remain in full force and effect.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of Holders or Agent under any of the Loan Documents, nor constitute a waiver of any provision of any of the Loan Documents.

(d) This Amendment may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement.

(e) The Section titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are not part of the agreement among the parties hereto.

(f) Except as otherwise expressly provided in any of the Loan Documents, in all respects, including all matters of construction, validity and performance, this Amendment shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without regard to the principles thereof regarding conflicts of law, and any applicable laws of the United States. Agent and Borrower agree to submit to personal jurisdiction, to the extent permitted by law, and to waive any objection as to venue in the County of New York, State of New York. To the extent permitted by law, service of process on Borrower or Agent in any action arising out of or relating to this Amendment shall be effective if mailed to such party at the address listed Section 10.11 of the Loan Agreement. Nothing herein shall preclude Agent or Borrower from bringing suit or taking other legal action in any other jurisdiction.

(g) To the extent permitted by law, the parties hereto waive all right to trial by jury in any action or proceeding to enforce or defend any rights under this Amendment.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

CONTINENTAL AIRLINES, INC.

By: /s/ JOHN LUTH
Name: John E. Luth
Title: Senior Vice
President and Chief
Information Officer

GENERAL ELECTRIC COMPANY,
Individually and as Agent

By: /s/ MARK D. POWERS
Name: Mark D. Powers
Title: Director, Customer Sales
Financing

Schedule 2.1

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

MASTER RESTRUCTURING AGREEMENT

MASTER RESTRUCTURING AGREEMENT, dated as of March 30, 1995, among CONTINENTAL AIRLINES, INC., a Delaware corporation ("Continental"), CONTINENTAL EXPRESS, INC., a Delaware corporation ("Express"), GENERAL ELECTRIC CAPITAL CORPORATION, a New York corporation ("GE Capital"), GENERAL ELECTRIC COMPANY, a New York corporation ("GE"), and GLOBAL PROJECT & STRUCTURED FINANCE CORPORATION (formerly Transportation and Industrial Funding Corporation), a Delaware corporation ("GPSF").

AGREEMENT

In consideration of the premises and the mutual covenants hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Other Defined Terms. Unless defined in Section 1.02 below, all capitalized terms used in this Agreement shall have the meanings set forth in the B-1 Loan Agreement.

Section 1.02. Defined Terms. Capitalized terms used in this Agreement shall have the following respective meanings when used herein:

"Agreement" shall mean this Agreement, including all amendments, modifications and supplements hereto and any appendices, exhibits or schedules to any of the foregoing and shall refer to this Agreement as the same may be in effect at the time such reference becomes operative.

"Air Canada Consent" shall mean the consent, in form and substance satisfactory to the GE Parties, given by Air Canada in respect of the Restructuring Documents.

"Air Partners" shall mean Air Partners, L.P., a Texas limited partnership.

"Aircraft Lease" shall mean each of the lease agreements listed on Schedule 1 to this Agreement.

"Aircraft Mortgage Supplement" shall mean a Supplement, in the form of Exhibit A to the Aircraft Mortgage.

"AMI" shall mean Air Micronesia, Inc., a Delaware corporation.

"AMI Companies" shall mean, collectively, AMI, CMI, and their respective Subsidiaries.

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

"Aviation Act" shall mean the Federal Aviation Act of 1958, as amended from time to time, or any similar legislation of the U.S. enacted in substitution or replacement thereof.

"A-300" shall mean the A300B4-203 aircraft (manufacturer's serial number 262) currently leased by Continental from GE Capital.

"A-300 Obligations" shall mean, at any time, the obligations (other than the Aircraft Lease relating thereto in existence on the date hereof) then owing by Continental to GE Capital under all agreements and other evidences of Indebtedness with respect to the A-300, as such obligations may be amended from time to time.

"B-1 Collateral Document Amendment" shall mean the amendment, in substantially the form of Exhibit A hereto, to the B-1 Collateral Agency Agreement.

"B-1 Deferred Amount" shall have the meaning specified in the B-1 Loan Amendment.

"B-1 Loan Agreement" shall mean the Loan Agreement, dated as of April 27, 1993, between Continental and GPSF, relating to the B-1 Loan.

"B-1 Loan Amendment" shall mean the waiver, consent and amendment, in substantially the form of Exhibit B hereto, amending the B-1 Loan Agreement.

"B-2 Collateral Document Amendment" shall mean the amendment, in substantially the form of Exhibit C hereto, to the B-2 Collateral Agency Agreement.

"B-2 Deferred Amount" shall have the meaning specified in the B-2 Loan Amendment.

"B-2 Loan Agreement" shall mean the Loan Agreement, dated as of April 27, 1993, between Continental and GPSF, relating to the B-2 Loan.

"B-2 Loan Amendment" shall mean the waiver, consent and amendment, in substantially the form of Exhibit D hereto, amending the B-2 Loan Agreement.

"B-737 Lease" shall mean the documents evidencing the single investor lease financing of the B-737-524 aircraft (manufacturer's serial number 27332) that closed on October 27, 1994.

"CMI" shall mean Continental Micronesia, Inc., a Delaware corporation.

"CMI Deferred Amount" shall have the meaning set forth in the CMI Loan Amendment.

"CMI Loan Agreement" shall mean that certain Loan Agreement, dated as of April 27, 1993 among AMI, CMI and the lenders who are parties thereto.

"CMI Loan Amendment" shall mean the waiver, consent and amendment, in substantially the form of Exhibit F hereto, amending the CMI Loan Agreement.

"Collateral Document Amendments" shall mean each of the B-1 Collateral Document Amendment, the B-2 Collateral Document Amendments, the Express Collateral Document Amendments, the Continental AMI Pledge Amendment and the Consolidation Loan Collateral Document Amendments.

"Consolidation Collateral Agency Agreement Amendment" shall mean the amendment, in substantially the form of Exhibit G hereto, amending the Consolidation Collateral Agency Agreement, as defined in the Consolidation Loan Agreement.

"Consolidation Deferred Amount" shall have the meaning set forth in the Consolidation Loan Amendment.

"Consolidation Loan" shall mean, collectively, the loans made to Continental by GE pursuant to the terms of the Consolidation Loan Agreement.

"Consolidation Loan Agreement" shall mean that certain Loan Agreement, dated as of April 27, 1993, between Continental and GE.

"Consolidation Loan Amendment" shall mean the waiver, consent and amendment, in substantially the form of Exhibit H hereto, amending the Consolidation Loan Agreement.

"Consolidation Loan Collateral Document Amendments" shall mean the Consolidation Mortgage and Security Agreement Amendment, the Consolidation Security Agreement Amendment and the Consolidation Collateral Agency Agreement Amendment.

"Consolidation Mortgage and Security Agreement Amendment" shall mean the amendment, in substantially the form of Exhibit I hereto, amending the Mortgage, as defined

in the Consolidation Loan Agreement.

"Consolidation Security Agreement Amendment" shall mean the amendment, in substantially the form of Exhibit J hereto, amending the Consolidation Security Agreement, as defined in the Consolidation Loan Agreement.

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

"Continental AMI Pledge Agreement" shall mean the Continental Stock Pledge Agreement, as defined in the CMI Loan Agreement.

"Continental AMI Pledge Amendment" shall mean the amendment, in substantially the form of Exhibit K hereto, amending the Continental AMI Pledge Agreement.

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

"Continental Party" shall mean each of Continental, CMI and Express, and "Continental Parties" shall mean all of them.

"Continental Express Pledge Agreement" shall mean the Borrower Pledge Agreement.

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

"Deferred Amount" shall mean the B-1 Deferred Amount, the B-2 Deferred Amount, the CMI Deferred Amount, the Consolidation Deferred Amount, the Modification Notes Deferred Amount, the Lease Deferral Deferred Amount, the Rent Deferral Deferred Amount and the A-300 Obligations.

"Disclosure Letter" shall mean the letter, of even date herewith, from Continental to the GE Parties.

"Dormant Routes" shall have the meaning set forth in Section 10.12.

"Draft 10-K" shall have the meaning set forth in Section 10.05(a).

"Election" shall have the meaning set forth in Section 3.03.

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

"Express B-1 Guaranty Amendment" shall mean the amendment, in substantially the form of Exhibit L hereto, to the Express B-1 Guaranty.

"Express B-2 Guaranty Amendment" shall mean the amendment, in substantially the form of Exhibit M hereto, to the Express B-2 Guaranty.

"Express Collateral Agency Agreement Amendment" shall mean the amendment, in substantially the form of Exhibit N hereto, to the Express Collateral Agency Agreement.

"Express Collateral Agent" shall mean GPSF as collateral agent under the Express Collateral Agency Agreement and its successors and assigns as collateral agent thereunder.

"Express Collateral Document Amendments" shall mean the Express B-1 Guaranty Amendment, the Express B-2 Guaranty Amendment and the Express Collateral Agency Agreement Amendment.

"Financing Agreement" shall mean the Agreement, dated as of April 6, 1993, between GE and Continental.

"GE Party" shall mean GE Capital, GE, GPSF, Polaris Holding Company and Wilmington Trust Company (not in its individual capacity but solely as owner trustee and lessor under certain of the Aircraft Leases), and "GE Parties" shall mean all of them.

"Interest Rate Agreement" shall have the meaning set forth in Section 8.01.

"Lease Amendments" shall mean the amendments, in substantially the form of Exhibits 0-1, 0-2, 0-3 and 0-4 hereto, to each of the Aircraft Leases.

"Lease Deferral Deferred Amount" shall mean the aggregate principal amount evidenced by each Lease Deferral Note.

"Lease Deferral Notes" shall mean the promissory notes, in substantially the form of Exhibits P-1, P-2 and P-3 hereto, evidencing Continental's obligations with respect to the deferrals of rent under the Lease Amendments.

"Letter Agreement No. 7" shall have the meaning set forth in the Consolidation Loan Amendment.

"LIBOR Rate" shall mean the average of the four rates, reported two Business Days before the date on which GE Capital and Continental enter into each Interest Rate Agreement by Telerate News Service (or such other number of rates as such service may from time to time report), at which foreign branches of major United States banks offer United States dollar deposits to other banks for a 90-day period in the London interbank market.

"Modification Note Amendments" shall mean each of the amendments, in substantially the form of Exhibit Q-1 and Q-2 hereto, to the notes issued to any GE Party evidencing the Modification Financing.

"Modification Notes Deferred Amounts" shall mean each of the Modification Note Deferred Amounts as specified in the Modification Note Amendments.

"Rent Deferral Deferred Amount" shall mean each of the Rent Deferral Deferred Amounts as specified in the Rent Deferral Note Amendments.

"Redelivery Notice" shall have the meaning set forth in Section 2.03.

"Rent Deferral Note Amendments" means the amendments, in substantially the form of Exhibit S hereto, to the Rent Deferrals.

"Restructuring Collateral Valuation Report" shall mean the valuation report, dated March 14, 1995, as updated on March 30, 1995 prepared by Morten Beyer and Associates.

"Restructuring Date" shall mean the date when all of the conditions set forth in Article IX hereof shall have been satisfied.

"Restructuring Documents" shall mean this Agreement, the CMI Loan Amendment, the B-1 Loan Amendment, the B-2 Loan Amendment, the Consolidation Loan Amendment, the Lease Amendments, the A-300 Obligations, the Modification Note Amendments, the Rent Deferral Note Amendments, the Lease Deferral Notes, the B-1 Collateral Document Amendment, the B-2 Collateral Document Amendment, the Pledge Supplement to the Continental Express Pledge Agreement, the Continental AMI Pledge Amendment, the Aircraft Mortgage Amendment, the Consolidation Collateral Agency Agreement Amendment, the Consolidation Mortgage and Security Agreement Amendment, the Consolidation Security Agreement Amendment, the Reimbursement Agreement, Letter Agreement No. 7, the Express Collateral Agency Agreement Amendment, the Express B-1 Guaranty Amendment, and the Express B-2 Guaranty Amendment.

"Restructuring Expenses" shall mean all fees, costs and expenses incurred by any GE Party to the extent required to be paid by any Continental Party pursuant to the terms of Section 11.02.

"Subject Lease" shall have the meaning set forth in Section 2.01.

"Subsequent Agreement" shall have the meaning set forth in Section 3.03.

ARTICLE II

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

ARTICLE III

A-300 RETURN

Section 3.01. Compliance with Lease. Continental agrees to redeliver to GE Capital the A-300 no later than June 30, 1995. Until the A-300 has been redelivered by Continental, Continental shall comply with all terms and conditions of the lease, as amended, relating to the A-300.

Section 3.02. Return Condition. Continental may redeliver the A-300 in a condition that does not meet the return conditions contained in the lease relating thereto; [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

ARTICLE IV

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

ARTICLE V

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

ARTICLE VI

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

ARTICLE VII

ADDITIONAL COVENANTS

Section 7.01. Continental Covenants. Continental agrees that notwithstanding the provisions of the B-1 Loan Agreement or the B-2 Loan Agreement, for so long as the GE Parties hold 66 2/3% in principal amount of the Notes issued under either the B-1 Loan Agreement or the B-2 Loan Agreement (as defined in such agreements) or a majority in principal amount of the Notes issued under the Consolidation Loan Agreement (as defined in such agreement), as the case may be, it shall be obligated to comply with the covenants contained on Schedule 7.01, and the failure by Continental to comply with any of such covenants shall, subject to the grace periods and notice provisions contained in Section 9.1(c) of the B-1 Loan Agreement, B-2 Loan Agreement or Consolidation Loan Agreement, respectively, constitute an Event of Default under the B-1 Loan Agreement, the B-2 Loan Agreement or the Consolidation Loan Agreement, respectively. Each of the GE Parties agrees that compliance with the covenants set forth on Schedule 7.01 may be enforced or waived solely by it, and it shall not enter into any agreement or make any commitment to any other Person with respect to the enforcement or waiver of such covenants.

Section 7.02. GE Capital Covenants. (a) GE Capital agrees, in connection with any agreements Continental may enter into in connection with the redelivery of aircraft to lessors, to consent to the grant of a Lien on B-1 Collateral or B-2 Collateral reasonably acceptable to GE Capital, subordinate to the Lien of the B-1 Collateral Agent on the B-1 Collateral or the B-2 Collateral Agent on the B-2 Collateral, in form and substance and pursuant to documentation reasonably satisfactory to GE Capital (which agreement shall include provisions prohibiting such lessors from foreclosing upon, or otherwise exercising rights with respect to, such Collateral), to secure Continental's obligations to such lessors under such agreements.

(b) GE Capital agrees to consent to an amendment to the certificate of incorporation of Continental, in form and substance reasonably satisfactory to it, which amendment would provide for the amendment to the terms of the Air Canada Preferred Stock and the GE Capital Preferred Stock to provide that dividends payable on such preferred stock during the period from March 1, 1995 to February 28, 1997 shall be paid only in additional shares of such preferred stock.

ARTICLE VIII

INTEREST RATE PROTECTION

Section 8.01. Interest Rate Protection. So long as any Deferred Amounts (other than the A-300 Obligations) remain outstanding, Continental may request that GE Capital provide it with interest rate cap agreements or other substantially similar agreements or arrangements satisfactory to GE Capital (each an "Interest Rate Agreement") which would provide Continental with a maximum LIBOR Rate not to exceed 8% on any or all of the Deferred Amounts (other than the A-300 Obligations) for the remaining term of such obligations so long as the aggregate cost of such Interest Rate Agreements does not exceed \$5 million.

Section 8.02. Procedure. Any request by Continental pursuant to Section 8.01 shall indicate the notional amount of the Interest Rate Agreement to be provided (which notional amount shall not exceed the maximum principal amount of the Deferred Amount for which the Interest Rate Agreement is being requested), the term of such interest rate protection and the type of Interest Rate Agreement being requested. GE Capital will, within five Business Days of having received such request, notify Continental of the cost of such Interest Rate Agreement. If Continental accepts such offer, then, so long as no Event of Default (as defined in each of the CMI Loan Agreement, the B-1 Loan Agreement, the B-2 Loan Agreement or the Consolidation Loan Agreement) shall have occurred and be continuing, GE Capital shall promptly provide Continental with a draft Interest Rate Agreement and an amendment to the underlying documentation increasing the principal amount of such Deferred Amount by the cost of such Interest Rate Agreement. GE Capital shall have no obligation to execute any Interest Rate Agreement unless and until Continental shall have executed an amendment evidencing the additional obligation.

ARTICLE IX

CONDITIONS PRECEDENT

Section 9.01. Conditions Precedent. The obligation of the GE Parties to effect any of the transactions described herein or in the Restructuring Documents shall be subject to each GE Party having received a copy of each of the following items which, unless otherwise indicated, shall be dated the Restructuring Date:

(a) The Modification Note Amendments, the Rent Deferral Note Amendments and the Lease Deferral Notes, duly executed by Continental.

(b) The B-1 Loan Amendment, the B-2 Loan Amendment, the Consolidation Loan Amendment and the Lease Amendments, duly executed by Continental.

(c) The CMI Loan Amendment, duly executed by CMI.

(d) The B-1 Collateral Document Amendment, the B-2 Collateral Document Amendment, the Pledge Supplement to the Continental Express Pledge Agreement, the Continental AMI Pledge Amendment, the Aircraft Mortgage Supplement and the Consolidation Collateral Agency Agreement Amendment, the Consolidation Mortgage and Security Agreement Amendment, and the Consolidation Security Agreement Amendment, duly executed by Continental; and the Express Collateral Agency Agreement Amendment, the Express B-1 Guaranty Amendment and the Express B-2 Guaranty Amendment, duly executed by Express; together with:

(i) executed copies of proper Financing Statements (Form UCC-1), to be duly filed under the Uniform Commercial Code of each jurisdiction

as may be necessary or, in the reasonable opinion of any GE Party, desirable to perfect the security interests created by the Collateral Document Amendments;

(ii) evidence of the completion of all recordings and filings of the Collateral Document Amendments as may be necessary or, in the reasonable opinion of the GE Parties, desirable to perfect, or continue the perfection of, the Liens created thereby;

(iii) certificates representing the Pledged Shares referred to in the Pledge Supplement to the Continental Express Pledge Agreement and undated stock powers for such certificates executed in blank; and

(iv) evidence that all other actions necessary or, in the reasonable opinion of any GE Party, desirable to perfect and protect the security interests created by the Collateral Document Amendments have been taken.

(e) Letter Agreement No. 7, duly executed by Continental.

(f) An amendment, in form and substance satisfactory to GE, amending that certain General Terms Agreement Number 6, dated November 4, 1994, duly executed by Continental.

(g) The Reimbursement Agreement, duly executed by Continental.

(h) The Restructuring Collateral Valuation Report.

(i) The Air Canada Consent, duly executed by Air Canada.

(j) A Certificate (the statements in which shall be true) of a Responsible Officer of Continental, reasonably satisfactory in form and substance to the GE Parties, stating that (i) all of the representations and warranties of Continental contained herein or in any of the Restructuring Documents are correct on and as of the Restructuring Date as though made on and as of such date (except to the extent any such representation or warranty expressly relates to an earlier date), (ii) no event has occurred and is continuing, or would result from the transactions contemplated by this Agreement or the Restructuring Documents, which constitutes or would constitute a Default or an Event of Default (as defined in the B-1 Loan Agreement, the B-2 Loan Agreement, the CMI Loan Agreement or the Consolidation Loan Agreement), after giving effect to transactions contemplated by the Restructuring Documents, except for the payment defaults set forth in the Disclosure Letter and any other default under any of the "cross default" provisions of each such agreement, and (iii) the conditions set forth in Section 9.02 have been satisfied.

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

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

(m) Evidence, in form and substance satisfactory to the GE Parties, that Continental shall have withdrawn any objection made in the Bankruptcy Court to the payment of the fees and expenses incurred by any GE Party in connection with Continental's Chapter 11 proceeding in the Bankruptcy Court.

(n) Favorable opinions of counsel to the Continental Parties in substantially the forms of Exhibits T-1 and T-2 hereto, it being understood that to the extent that such opinions of counsel to the Continental Parties shall rely upon any other opinion of counsel, each such other opinion shall be in form and substance reasonably satisfactory to each GE Party

and shall provide that such GE Party and its successors and assigns may rely thereon.

(o) Resolutions of the board of directors of each Continental Party, in form and substance reasonably satisfactory to each GE Party, each certified by the Secretary or Assistant Secretary of such Continental Party, as of the Restructuring Date, to be duly adopted and in full force and effect on such date, authorizing (i) the execution, delivery and performance by such Continental Party of each of the Restructuring Documents to which such Continental Party is a party, and (ii) officers to execute and deliver this Agreement and the other Restructuring Documents to which such Continental Party is a party.

(p) Governmental certificates or other evidence, dated the most recent practicable date prior to the Restructuring Date, with telegram updates where available, showing that each Continental Party is organized and in good standing in the jurisdiction of its organization and is qualified as a foreign corporation and in good standing in all jurisdictions identified on Schedule 10.03.

(q) A copy of each Continental Party's organizational charter and all amendments thereto, in form and substance reasonably satisfactory to each GE Party, in each instance, certified as of a recent date by the Secretary of State of the jurisdiction of its organization, and a copy of each Continental Party's by-laws, in form and substance reasonably satisfactory to each GE Party, in each instance, certified by the Secretary or Assistant Secretary of such Continental Party as true and correct as of the Restructuring Date.

(r) Certificates of the Secretary or an Assistant Secretary of each Continental Party, dated the Restructuring Date, as to the incumbency and signatures of the officers of such Continental Party executing this Agreement, any of the other Restructuring Documents and any other certificate or other document to be delivered pursuant hereto or thereto, together with evidence of the incumbency of such Secretary or Assistant Secretary.

(s) Such additional information and materials, including, without limitation, copies of any debt agreements, security agreements and other material contracts as any GE Party may reasonably request.

Section 9.02. Additional Conditions to Restructuring. In addition to the conditions precedent set forth in Section 9.01 hereof, no GE Party shall be obligated to perform any of its obligations in any Restructuring Document or hereunder unless and until the following conditions precedent have been satisfied (or each GE Party shall have waived such requirement) in a manner reasonably satisfactory to such GE Party:

(a) All (i) Regulatory Approvals and (ii) third-party consents referred to in Section 10.04 (vii) necessary to permit each Continental Party to consummate the transactions contemplated hereby and by the Restructuring Documents shall have been obtained.

(b) All Restructuring Expenses then due and payable and all other costs and expenses incurred by any GE Party in connection with the matters contemplated by this Agreement shall have been paid prior to, or will be paid on, the Restructuring Date.

(c) After giving effect to the transactions contemplated hereby, all unpaid amounts with respect to the B-1 Loan Agreement, the B-2 Loan Agreement, the CMI Loan Agreement, the Consolidation Loan Agreement and the Aircraft Leases shall have been paid prior to, or will be paid on, the Restructuring Date.

(d) Each GE Party shall be satisfied that it shall have received a lien on all Collateral required to be granted to it pursuant to the Loan Documents or any Restructuring Document.

(e) Continental shall have entered into a restructuring agreement, in form and substance satisfactory to each GE Party, pursuant to which it will have rescheduled its obligations with Boeing to purchase aircraft in 1996 and 1997.

ARTICLE X

REPRESENTATIONS AND WARRANTIES

To induce the GE Parties to enter into this Agreement and the other Restructuring Documents, Continental makes the following representations and warranties to such GE Parties, each and all of which shall be true and correct as of the date of execution and delivery of this Agreement, and shall survive the execution and delivery of this Agreement:

Section 10.01. Corporate Existence; Compliance with Law. Continental and each of its Subsidiaries (other than the Excluded Subsidiaries) (i) is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation; (ii) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification (except for jurisdictions in which such failure to so qualify or to be in good standing would not have a Material Adverse Effect); (iii) has the requisite corporate power and authority to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease, and to conduct its business as now conducted and as proposed to be conducted immediately after the Restructuring Date; (iv) has, or by the Restructuring Date will have, all licenses, permits, consents or approvals from or by, and has made all filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and current conduct except where the failure to so obtain or comply would not have a Material Adverse Effect; (v) is in compliance with its certificate or articles of incorporation and by-laws; and (vi) is in compliance with all applicable provisions of law where the failure to comply would have a Material Adverse Effect.

Section 10.02. Executive Offices. The current location of Continental's and each of its Subsidiaries' (other than the Excluded Subsidiaries) executive offices and principal places of business are set forth on Schedule 10.02 hereto.

Section 10.03. Subsidiaries. There are no Subsidiaries of Continental other than as set forth on Schedule 10.03 hereto. Schedule 10.03 sets forth such Subsidiaries (other than the Excluded Subsidiaries), together with their respective jurisdictions of organization, and the authorized and outstanding Stock of each such Subsidiary, by class and number and percentage of each class legally owned by Continental or any of its Subsidiaries (other than the Excluded Subsidiaries) or any other Person. There are no options, warrants, rights to purchase or similar rights covering, or agreements to issue or sell, Stock of any Subsidiary (other than the Excluded Subsidiaries), nor agreements restricting the voting or disposition of such Stock, except for the CMI Loan Documents (as defined in the CMI Loan Agreement) and as set forth on Schedule 10.03.

Section 10.04. Corporate Power; Authorization; Enforceable Obligations. The execution, delivery and performance by Continental and its Subsidiaries (other than the Excluded Subsidiaries) of the Restructuring Documents to be delivered by Continental and such Subsidiaries, to the extent they are parties thereto, hereunder and thereunder, and the creation of all Liens in favor of any GE Party provided for herein and therein: (i) are within Continental's and such Subsidiaries' corporate power; (ii) have been, or by the Restructuring Date will be, duly authorized by all necessary corporate action; (iii) are not in contravention of any provision of Continental's, or such Subsidiaries' respective certificates or articles of incorporation or by-laws; (iv) will not violate any law or regulation or any order or decree of any court or governmental instrumentality; (v) will not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any material indenture, mortgage, deed of trust, lease, agreement or other instrument to which Continental or any of such Subsidiaries is a party or by which Continental or any of such Subsidiaries or any of their property is bound; (vi) will not result in the creation or imposition of any Lien upon any of the property of Continental or any of such Subsidiaries other than those created pursuant to the Loan

Documents or the Restructuring Documents; and (vii) do not require the consent or approval of any governmental body, agency, authority or any other Person except consents and approvals to be obtained on or prior to the Restructuring Date and except where the failure to obtain such consents or approvals will not have a Material Adverse Effect. All Regulatory Approvals and all other consents and approvals necessary to permit Continental and its Subsidiaries (other than the Excluded Subsidiaries) to conduct their business operations have been or will be duly obtained on or prior to the Restructuring Date. At or prior to the Restructuring Date, each of the Restructuring Documents contemplated to be executed prior to or on the Restructuring Date shall have been duly executed and delivered for the benefit of or on behalf of Continental or its Subsidiaries (other than the Excluded Subsidiaries), as the case may be, and each shall then constitute a legal, valid and binding obligation of Continental or its Subsidiaries, to the extent they are parties thereto, enforceable against them in accordance with its terms except as enforceability may be limited by bankruptcy, insolvency or other similar laws affecting the rights of creditors generally or by the application of general principles of equity.

Section 10.05. Financial Statements. (a) The draft consolidated balance sheet of Continental and its Subsidiaries for the year ended December 31, 1994 (including notes thereto) set forth in the draft Form 10-K for Continental for fiscal year 1994 (the "Draft 10-K"), which is substantially similar to the Form 10-K to be filed by Continental with the Securities and Exchange Commission, a copy of which has been furnished to each GE Party prior to the date of this Agreement, presents fairly the consolidated financial position of Continental and its consolidated Subsidiaries at December 31, 1994.

(b) The audited consolidated balance sheet of Continental as at December 31, 1993 and the related consolidated statements of income, retained earnings and cash flow for the year then ended, with the opinion thereon of Ernst & Young, LLP, and the consolidated balance sheet of Continental as at September 30, 1994 and the related consolidated statements of income, retained earnings and cash flow for the nine months then ended, copies of which have been furnished to the GE Parties prior to the date of this Agreement, have been, except as noted therein, prepared in conformity with GAAP consistently applied throughout the periods involved and present fairly the consolidated financial position of Continental as at the dates thereof, and the results of operations and cash flow for the periods then ended, subject to year end adjustments.

Section 10.06. [Reserved].

Section 10.07. Ownership of Property; Liens.

(a) As of the date of this Agreement, except as disclosed in Schedule 10.07(a), neither Continental nor any of its Subsidiaries (excluding the AMI Companies and the Excluded Subsidiaries) own fee simple title to any Real Estate. All real and personal property owned by Continental or its Subsidiaries (excluding the AMI Companies and the Excluded Subsidiaries) is described in Schedule 10.07(a) hereto. None of the properties and assets of Continental or its Subsidiaries (excluding the AMI Companies and the Excluded Subsidiaries) including, without limitation, the Leases, are subject to any Liens, except Permitted Encumbrances.

(b) All Material Leases of Continental or its Subsidiaries (excluding the AMI Companies and the Excluded Subsidiaries) as of the date of this Agreement are set forth on Schedule 10.07(b), together with information regarding the commencement date, termination date and renewal options, if any. Except as set forth in the Disclosure Letter, neither Continental nor the applicable Subsidiary nor, to the knowledge of Continental, any other party to any such Material Lease, is in default of its obligations thereunder or has delivered or received any notice of default under any such Material Lease, nor has any event occurred which, with the giving of notice, the passage of time or both, would constitute a default under any such Material Lease, except, in each case, for any default which would not have a Material Adverse Effect.

Section 10.08. No Default. Except as set forth in the Disclosure Letter, neither Continental nor any of its Subsidiaries (other than the Excluded Subsidiaries) is in default, nor, to Continental's knowledge, is any third party in default, under or with respect to any contract, agreement, lease or other instrument to which Continental or

any such Subsidiary is a party, except for any default which (either individually or collectively with other defaults arising out of the same event or events) would not have a Material Adverse Effect. No Default or Event of Default (as defined in the B-1 Loan Agreement, the B-2 Loan Agreement, the CMI Loan Agreement or the Consolidation Loan Agreement), other than any default under any of the "cross default" provisions of each such agreement, has occurred and is continuing, after giving effect to the transactions contemplated by the Restructuring Documents.

Section 10.09. Investment Company Act. Neither Continental nor any of its Subsidiaries (other than the Excluded Subsidiaries) is (a) an "investment company" required to register under the Investment Company Act of 1940, as amended, or (b) an "affiliated person" of, or "promoter" or "principal underwriter" for, such an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. The consummation of the transactions contemplated by this Agreement and the other Restructuring Documents will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

Section 10.10. No Litigation. Except as set forth in the Draft 10-K, no action, claim or proceeding is now pending or, to the knowledge of Continental, threatened against Continental or any of its Subsidiaries, at law, in equity or otherwise, before any court, board, commission, agency or instrumentality of any foreign government or any federal, state or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which is reasonably likely to have a Material Adverse Effect. None of the matters set forth in the Draft 10-K questions the validity of any of the Restructuring Documents or any action taken or to be taken pursuant thereto.

Section 10.11. Collateral Valuation Report. The Restructuring Collateral Valuation Report does not omit any material (after taking into account any Permitted Encumbrances thereon) item of property (other than Excluded Property) to be owned by Continental or any of its Subsidiaries (other than the AMI Companies or the Excluded Subsidiaries) immediately after the Restructuring Date and the Route valuation information contained therein accurately reflects the conclusions and assumptions contained in the Morten Beyer and Associates appraisals referred to therein.

Section 10.12. Operations. (a) Set forth on Schedule 10.12(a) are true, correct and complete lists, as of the date of this Agreement, of (i) all Slots (within the meaning set forth in clauses (i) and (ii) of the definition thereof) and Routes held or used by Continental or any of its Subsidiaries (excluding the AMI Companies, System One and the Excluded Subsidiaries) and indicating those Routes not being used or operated by Continental or any of its Subsidiaries (excluding the AMI Companies and the Excluded Subsidiaries) as of the date of this Agreement and not intended to be used or operated hereafter (such Routes being referred to as "Dormant Routes"); and (ii) all Gates leased by Continental or any of its Subsidiaries (excluding the AMI Companies and the Excluded Subsidiaries) in or outside the U.S. Continental and its Subsidiaries (other than the Excluded Subsidiaries) hold the Slots (within the meaning set forth in clauses (i) and (ii) of the definition thereof) held by them pursuant to Title 14 or equivalent foreign regulations, subject only to the regulations of the FAA, an equivalent foreign Governmental Authority and Permitted Encumbrances, and each of them has, at all times after obtaining such Slot, complied in all material respects with all of the terms, conditions and regulations set forth in Title 14 or any equivalent foreign regulation, including, without limitation, the usage requirements set forth in Section 93.227 of Title 14 or any equivalent foreign regulation (except where noncompliance shall have been waived by the FAA or an equivalent foreign Governmental Authority), and there exists no material violation of such terms, conditions and regulations that gives the FAA or any equivalent foreign Governmental Authority the right to terminate, cancel, withdraw or modify any such Slots.

(b) Each of Continental, CMI and Express is a "citizen of the United States" as defined in Section 101(16) of the Aviation Act. Each of Express, CMI and Continental is a duly certificated "air carrier" within the meaning of the Aviation Act authorized to transport passengers,

property and mail in interstate, overseas and foreign air transportation and is certificated under Sections 401 and 604(b) of the Aviation Act. All such certificates or exemptions from the requirement to possess certificates or their foreign equivalents are in force and duly issued to Continental, CMI or Express, as the case may be, by the DOT, the FAA or its predecessor agency or the applicable equivalent foreign Governmental Authority, and all material licenses, permits, authorizations, certificates of compliance, certificates of public convenience and necessity and other certificates (including, without limitation, air carrier operating certificates and operations specifications issued by the FAA or any applicable equivalent foreign Governmental Authority pursuant to Part 121 of the Regulations of the FAA or equivalent foreign regulation), which are required by the DOT and the FAA or any equivalent foreign Governmental Authority and which are adequate for the conduct of the business of Continental, CMI and Express as now conducted and as proposed to be conducted immediately after the Restructuring Date, are in full force and effect. There are no license fees due and payable on Continental's, CMI's or Express' DOT or FAA licenses or their applicable foreign equivalents. Continental, CMI and Express are in compliance with all material requirements of the licenses, permits, authorizations and certificates issued to each of them by the DOT and the FAA or any applicable equivalent foreign Governmental Authority and none of the FAA, DOT or any applicable equivalent foreign agency is taking any action or, to the knowledge of Continental, considering the taking of any action to revoke, suspend, modify or amend such licenses, permits, authorizations or certificates which is reasonably likely to have a Material Adverse Effect.

(c) Schedule 10.12(c) sets forth a true and complete list of (i) all airframes and aircraft engines, including serial numbers, which, to the best of Continental's knowledge, will be operated by Continental or its Subsidiaries (excluding the Excluded Subsidiaries) immediately after the Restructuring Date and indicates whether such airframes and aircraft engines will be owned or leased and (ii) a complete list of all locations at which Spare Parts owned and used by Continental or its Subsidiaries (other than the Excluded Subsidiaries) in their business are kept.

Section 10.13. Existing Indebtedness. Neither Continental nor any of its Subsidiaries (excluding the AMI Companies, the Excluded Subsidiaries and excluding intercompany Indebtedness) will be obligated with respect to any Indebtedness on the Restructuring Date other than (i) the Indebtedness described in the Draft 10-K (ii) modification financing incurred in connection with the modification of the aircraft owned or leased by Continental and such Subsidiaries, (iii) deferred rental or interest obligations incurred in connection with aircraft owned or leased by Continental and such Subsidiaries, (iv) Indebtedness incurred pursuant to the Restructuring Documents and (v) Indebtedness incurred in the ordinary course of business since December 31, 1994.

Section 10.14. Excluded Subsidiaries. Each of the Excluded Subsidiaries is an inactive corporation and none of the Excluded Subsidiaries is engaged in the conduct of business. None of the Excluded Subsidiaries owns any material assets or is obligated with respect to any Indebtedness or liabilities other than immaterial liabilities or liabilities that are joint and several with Continental.

Section 10.15. Fees. Neither Continental nor any of its Subsidiaries have paid any fees or other compensation to Air Partners, or any entity controlled by, or under common control with, Air Partners (other than director compensation), in connection with the transactions contemplated by this Agreement or the Restructuring Plan.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Complete Agreement; Modification of Agreement. (a) The Restructuring Documents constitute the complete agreement between the parties with respect to the subject matter hereof. The Restructuring Documents supersede any and all discussions, negotiations, understandings or agreements, written or oral, express or implied, with respect thereto, which are merged herein and

superseded hereby. No Continental Party may sell, assign or transfer any of the Restructuring Documents or any portion thereof, including, without limitation, such Continental Party's rights, title, interests, remedies, powers and duties hereunder or thereunder. No GE Party may sell, assign or transfer any of its rights or obligations under any of the Restructuring Documents, except to any of its Affiliates, without the consent of Continental, which consent will not be unreasonably withheld.

(b) No amendment or waiver of any provision of this Agreement or any other Restructuring Document, nor consent to any departure by any Continental Party therefrom, shall in any event be effective unless the same shall be in writing and signed by the GE Parties party thereto (and the Continental Party party thereto, with respect to any amendment), and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11.02. Fees and Expenses. (a) The Continental Parties shall pay all reasonable out-of-pocket expenses of the GE Parties and/or Relevant Collateral Agent (including the reasonable fees and expenses of all of their respective counsel retained in connection with the Restructuring Documents and the transactions contemplated thereby) arising after December 14, 1994, in connection with the negotiation, preparation, execution and recordation of the Restructuring Documents.

(b) The Continental Parties shall also pay all reasonable out-of-pocket expenses incurred after the Restructuring Date:

(i) of any GE Party in connection with any request of any Continental Party for any waivers, amendments, modifications or consents relating to the Restructuring Documents or any other matters undertaken by any GE Party and/or Relevant Collateral Agent, in each instance, at the request of any Continental Party;

(ii) of any GE Party and/or Relevant Collateral Agent in connection with any of the following acts which are undertaken by such GE Party and/or Relevant Collateral Agent in connection with the evaluation and enforcement of their remedies in connection with an Event of Default under any Loan Document: (A) any attempt to verify, protect, collect, sell, liquidate or otherwise dispose of the Collateral; (B) the commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, counterclaim, motion or other pleading in any legal proceeding relating to the exercise by any GE Party and/or Relevant Collateral Agent of rights or remedies under the Restructuring Documents; or (C) in taking any other action in or with respect to any suit or proceeding (bankruptcy or otherwise) relating to the exercise by any GE Party and/or Relevant Collateral Agent of rights under the Restructuring Documents; and

(iii) of any GE Party and/or Relevant Collateral Agent after the occurrence and during the continuation of an Event of Default under any Loan Document, in enforcing any Obligations or in foreclosing against or realizing upon the Collateral (or any portion thereof), in attempting to enforce or enforcing a Lien on any of the Collateral or exercising or enforcing any other right or remedy available by reason of such Event of Default against any Continental Party, any of its Subsidiaries or any other Person that may be obligated to any GE Party and/or Relevant Collateral Agent by virtue of any of the Restructuring Documents.

The Restructuring Expenses shall be due and payable ten (10) days after written demand by any GE Party and/or Relevant Collateral Agent upon any Continental Party and shall constitute additional Obligations secured under this Agreement and the other Restructuring Documents.

Section 11.03. No Waiver by any GE Party. Any GE Party's failure, at any time or times, to require strict performance by any Continental Party of any provision of this Agreement and any of the other Loan Documents shall not waive, affect or diminish any right of such GE Party

thereafter to demand strict compliance and performance therewith. Any suspension or waiver by any GE Party of an Event of Default by any Continental Party under the Loan Documents shall not suspend, waive or affect any other Event of Default by any Continental Party under this Agreement and any of the other Loan Documents, whether the same is prior or subsequent thereto and whether of the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of any Continental Party contained in this Agreement or any of the other Loan Documents and no Event of Default by any Continental Party under this Agreement and no defaults by any Continental Party under any of the other Loan Documents shall be deemed to have been suspended or waived by any GE Party, unless such suspension or waiver is by an instrument in writing, signed by an officer of such GE Party and directed to such Continental Party specifying such suspension or waiver.

Section 11.04. Remedies. Any GE Party's rights and remedies under this Agreement shall be cumulative and nonexclusive of any other rights and remedies which any GE Party may have under any other agreement, including, without limitation, the Restructuring Documents, by operation of law or otherwise. Recourse to any collateral granted to any GE Party shall not be required.

Section 11.05. Waiver of Jury Trial. To the extent permitted by applicable law, the parties hereto waive all right to trial by jury in any action or proceeding to enforce or defend any rights under the Restructuring Documents.

Section 11.06. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law; but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

Section 11.07. Parties. This Agreement and the other Restructuring Documents shall be binding upon, and inure to the benefit of, the successors of any Continental Party or any GE Party and the permitted assigns, transferees and endorsees of any GE Party or any Collateral Agent.

Section 11.08. Conflict of Terms. Except as otherwise provided in this Agreement or any of the other Restructuring Documents by specific reference to the applicable provisions of this Agreement, if any provision contained in this Agreement is in conflict with, or inconsistent with, any provision in any of the other Restructuring Documents or Loan Documents (as defined in the CMI Loan Agreement, the B-1 Loan Agreement, the B-2 Loan Agreement or the Consolidation Loan Agreement), the provision contained in this Agreement shall govern and control.

Section 11.09. Consents. Upon satisfaction of the conditions contained in Article IX hereof, each GE Party hereby consents to all waivers, amendments and modifications contained in each of the Restructuring Documents to the extent required in the underlying documents.

Section 11.10. Governing Law. Except as otherwise expressly provided in any of the Restructuring Documents, in all respects, including all matters of construction, validity and performance, this Agreement and the obligations arising hereunder shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, and any applicable laws of the U.S. Each GE Party, Relevant Collateral Agent and each Continental Party agrees to submit to personal jurisdiction and, to the extent permitted by applicable law, to waive any objection as to venue in the County of New York, State of New York. To the extent permitted by applicable law, service of process on any GE Party, Continental Party or Collateral Agent in any action arising out of or relating to any of the Restructuring Documents shall be effective if mailed to such party at the address listed in Section 11.11 hereof. Nothing herein shall preclude any GE Party or Continental Party from bringing suit or taking other legal action in any other jurisdiction.

Section 11.11. Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or

other communication shall or may be given to or served upon any of the parties by another, or whenever any of the parties desires to give or serve upon another any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be delivered either in person, with receipt acknowledged, or by telecopy and confirmed by telecopy answerback or sent by a nationally recognized overnight air delivery service, postage prepaid, addressed as follows:

(a) If to any GE Party other than GE at:

GE Capital Aviation Services, Inc.
263 Tresser Boulevard
7th Floor
Stamford, Connecticut 06927-4900
Attention: Manager-Operations
Commercial Aviation
Telecopy Number: 203/357-4585

With copies, in each case, to:

GE Capital Aviation Services, Inc.
263 Tresser Boulevard
7th Floor
Stamford, Connecticut 06927-4900
Attention: General Counsel
Telecopy Number: 203/357-6264

(b) If to GE at:

General Electric Company
Aircraft Engines
One Neumann Way
Mail Drop F-17
Cincinnati, Ohio 45215
Attention: Manager, Legal Operations
Telecopy Number: 513/243-8068

(c) If to any Continental Party:

Continental Airlines, Inc.
2929 Allen Parkway, Suite 1466
Houston, Texas 77019
Attention: General Counsel
Telecopy Number: 713/834-5161

With copies to:

Continental Airlines, Inc.
2929 Allen Parkway, Suite 1580
Houston, Texas 77019
Attention: Vice President-Treasurer
Telecopy Number: 713/834-2448

or at such other address as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Every notice, demand, request, consent, approval, declaration or other communication hereunder shall be deemed to have been duly given or served on the date on which delivered personally or by a nationally recognized overnight air delivery service, with receipt acknowledged or telecopied and confirmed by telecopy answerback. To the extent permitted by applicable law, failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to the persons designated above to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

Section 11.12. Survival. The representations and warranties of Continental in this Agreement shall survive the execution, delivery and acceptance hereof by the parties hereto and the closing of the transactions described herein or related hereto.

Section 11.13. Section Titles. The Section titles and Table of Contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

Section 11.14. Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall, collectively and separately, constitute one agreement.

Section 11.15. Confidentiality. (a) Each GE Party agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with its customary procedures for handling confidential information of this nature and in accordance with safe and sound business practices, any non-public information supplied to it by any Continental Party pursuant to this Agreement or any other Restructuring Document or received by any GE Party as a result of any inspection conducted by it; provided that nothing herein shall limit the disclosure of any such information (i) to the extent required by statute, rule, regulation or judicial process, (ii) to counsel for any GE Party, (iii) to bank examiners, auditors, accountants or appraisers, (iv) to a Subsidiary or Affiliate of any GE Party, (v) to any assignee (or prospective assignee) permitted by the terms of this Agreement so long as such assignee (or prospective assignee) agrees (in a written instrument furnished to and for the benefit of the Continental Parties) to the provisions of this Section 11.15, or (vi) to any other Person in the course of the enforcement of any GE Party's rights or remedies hereunder or under any other Restructuring Document; provided, further, that in no event shall any GE Party be obligated or required to return any materials furnished to it by any Continental Party or any of their respective Subsidiaries.

(b) Continental and the GE Parties shall, subject to their respective legal obligations (including requirements of stock exchanges and other similar regulatory bodies), agree upon the text of any press release relating to this Agreement or the transactions contemplated hereby before issuing any such press release or otherwise making public statements with respect to the transactions contemplated hereby and in making any related filings with any federal or state governmental or regulatory agency or with any national securities exchange with respect thereto.

Section 11.16. Officers' Certificates. It is not intended that any certificate of any officer of any Continental Party delivered to any GE Party pursuant to the provisions of this Agreement or any other Restructuring Document shall give rise to any personal liability on the part of such officer as a result of the delivery of any such certificate. Any such certificate shall be deemed to be limited to the best of such officer's knowledge regarding the statements contained therein.

IN WITNESS WHEREOF, this Agreement has been executed on behalf of each of the parties as of the date first written above.

CONTINENTAL AIRLINES, INC.

By: /s/ JOHN LUTH
John E. Luth
Senior Vice President and
Chief Information Officer

CONTINENTAL EXPRESS, INC.

By: /s/ JOHN LUTH
John E. Luth
Attorney-in-Fact

GENERAL ELECTRIC CAPITAL
CORPORATION

By: /s/ ERIC M. DULL
Eric M. Dull
Attorney-in-Fact

GENERAL ELECTRIC COMPANY

By: /s/ MARK D. POWERS
Name: Mark D. Powers

Title: Director, Customer
Sales Financing

GLOBAL PROJECT & STRUCTURED
FINANCE CORPORATION

By: /s/ ERIC M. DULL
Eric M. Dull
Vice President

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SCHEDULE 2.01

AIRCRAFT SUBJECT TO REDELIVERY

Manufacturer's Serial Numbers

737's	MD-80's
23369	49102*
23370	49114*
23371	49116*
23372	49117*
23455	49118*
23456	49229
23457	49246

SCHEDULE 2.05

Aircraft Information

Information to be reported, as requested, shall include, but not be limited to, the following:

1. Total aircraft time and cycles, and certified maximum aircraft weight.
2. Total aircraft time and cycles at last "C" check and "D" check (specifying the number of such check), and the number of hours and cycles until the next check is to be performed.
3. Part and serial number for each time controlled and life limited part installed on the aircraft indicating total time/cycles and time remaining, including landing gear.
4. Part and serial number of APU with total hours/cycles since new, total hours/cycles at last overhaul and date of next scheduled or required overhaul.
5. For each installed engine, including for each original engine to the extent such engine is not the original engine installed on the aircraft: (i) total time/cycles since new; (ii) time since last shop visit or overhaul; (iii) time remaining until next scheduled "off-wing" maintenance; (iv) "disc sheet" showing part numbers and serial numbers of all time controlled and time limited parts in each engine showing time/cycles used and time/cycles remaining; and (v) service bulletin listing.
6. AD method of compliance record for the aircraft, engines and equipment showing date and method of compliance.
7. Reports of all accidents and incidents involving the aircraft.
8. List of all modifications to the aircraft/list of ste's done by Continental during the lease.
9. List of major repairs performed on the aircraft
10. LOPA showing the aircraft interior or fleet where common.
11. Pilot log book reports for the 30 days preceding such request.
12. Engine performance monitoring conducted during the 30 days preceding such request.
13. Service bulletin listing for the aircraft.

SCHEDULE 3

RESTRUCTURING PLAN DOCUMENTS

1. 1995 Business Plan
2. 1995 Revenue Plan
3. 1995 Fleet Plan
4. 1995 Domestic Capacity Plan
5. 1995 Budget - Operating Expense Plan
6. 1995 Budget - Capacity Reduction
7. 1995 Budget - Capacity Reduction (Division Targets)
8. 1995 Budget - Consolidated Statement of Operations
(Plan Versus Prior Year)
9. 1995 Capital Expenditure Plan

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

SCHEDULE 7.01

Continental shall comply with the covenants or other provisions set forth in Sections [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT], 8.1 and 8.2 of this Schedule 7.01 in lieu of complying with the comparable covenant or other provision in the B-1 Loan Agreement and B-2 Loan Agreement, as the case may be and shall not be required to comply with Section 6.3 of each of the B-1 Loan Agreement or the B-2 Loan Agreement, as the case may be. Continental and its Subsidiaries, as the case may be, shall also comply with the additional covenants set forth in Sections 7.15 through 7.23 of this Schedule 7.01.

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

Section 7.15. Cancellation of Indebtedness Owed to It. Continental shall not cancel, or permit any of its Subsidiaries to cancel, any claim or Indebtedness owed to it except for adequate consideration and in the ordinary course of business.

Section 7.16. No New Subsidiaries. Continental shall not, and shall not permit any of its Subsidiaries to, incorporate or otherwise organize any Subsidiary which was not in existence on the Closing Date unless all the outstanding Stock of such Subsidiary is owned by Continental and pledged to the B-2 Collateral Agent and such Subsidiary shall be and become a Guarantor and shall execute and deliver a Guaranty and a Security Agreement in favor of the B-2 Collateral Agent and in form and substance reasonably acceptable to the GE Parties.

Section 7.17. Modification of Charter and By-Laws. Continental shall not amend, and shall not permit any of its Subsidiaries to amend, its certificate of incorporation or by-laws other than amendments which in the aggregate have no Material Adverse Effect.

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

Section 8.1. Disposition of Scheduled Assets.
[Intentionally Omitted]

Section 8.2 [CONFIDENTIAL MATERIAL OMITTED AND
FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

AGREEMENT

This Agreement is entered into on the 21st day of November, 1994, between Continental Airlines, Inc., a Delaware corporation (the "Company"), and Robert R. Ferguson III (the "Executive").

W I T N E S S E T H:

WHEREAS, the Executive and the Company mutually desire to terminate the Executive's employment with the Company; and

WHEREAS, the Company wishes to retain the Executive as a consultant as described below;

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

1. This Agreement embodies the full and final settlement of all obligations of the Company to the Executive and the arrangements set forth herein fully close out all relationships between the Executive and the Company and its subsidiaries.
2. The Executive hereby resigns from the Board of Directors of the Company and any committees thereof effective as of the date hereof. The Executive and the Company acknowledge that, from and after October 27, 1994, (a) he has not been an active status employee of the Company, (b) he has not held the positions of Vice Chairman and Chief Executive Officer of the Company and (c) he has not been a director or officer of, has not been employed by and has not held any other position with subsidiaries of the Company. From October 27 to November 30, 1994, the Executive shall continue to receive salary as though he remained on the payroll of the Company in paid leave status at his existing rate of base salary.
3. Contemporaneous with the execution of this Agreement, the Company will pay the Executive a lump sum equal to \$418,209. On January 3, 1995, the Company will pay the Executive a lump sum equal to \$2,394,222. Each of the payments to be made under this Section 3 shall be made by wire transfer, immediately available funds, to that account and bank previously used for the direct deposit of his periodic pay.
4. The Executive will be entitled to any benefits or rights he earned under the terms of the Company's employee pension plans, employee benefit plans or other compensation arrangements by which the Executive was covered during his employment, in accordance with the terms of those plans or arrangements applicable to the Executive's voluntary termination of employment other than by reason of retirement. Following October 27, 1994, the Executive shall accrue no further benefits under said plans and arrangements, except as specifically provided herein. The Executive shall remain entitled to reimbursement for expenses incurred during the period prior to October 27, 1994, under the Company's standard expense reimbursement policy and procedures.
5. The Executive agrees, from time to time, to provide consulting services to the Company and its subsidiaries for a period of up to one year after the date hereof at such times and for such periods as the Company and the Executive shall reasonably agree. The Company will pay the Executive \$100,000, in four equal installments of \$25,000 payable on January 3, 1995, February 1, 1995, March 1, 1995 and April 3, 1995, for such consulting services. Each of the payments to be made under this Section 5 shall be made by wire transfer, immediately available funds, to that account and bank previously used for the direct deposit of his periodic pay.
6. Provided all annual pass cards in the possession of the Executive have been surrendered to the Company, the Executive and his eligible family members shall be entitled to pass privileges for a 42 month period from the date hereof of the same type and priority received prior to the termination of employment (i.e., PS1B for company business or S100 for personal travel), subject to any changes in policy generally applicable to directors of the Company still in the service thereof. Passes shall be issued upon individual requests directly to the Continental Airlines pass bureau. Thereafter, the Executive and his eligible family members shall receive lifetime passes (equivalent to S200 passes) and his children shall continue to receive such passes so long as they are eligible under the Company's pass policy, pursuant to the resolution adopted by the Company's Board of Directors on April 21, 1993.

7. For a period of 42 months from the date hereof, the Executive shall continue in the Company's group insurance programs (including, without limitation, long-term disability insurance and group medical insurance) or be provided substantially comparable benefits, provided he has not accepted other employment that provides comparable benefits. The Executive's entitlement to benefit continuation pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 shall commence at the end of such period.

8. The Executive shall be under no obligation to mitigate damage to the Company and no future earnings (except with respect to benefit coverage as described in Section 7 above) by the Executive from any source shall be payable to the Company or be subject to offset pursuant to this Agreement.

9. The Company shall indemnify the Executive against all losses, including legal fees and expenses, arising from claims against the Executive in connection with the Executive's good-faith execution of his employment with the Company (which employment shall, for purposes of this Section 9, be understood by the Company and the Executive to have ceased on October 26, 1994, except with respect to his capacity as a director, which ceased on the date hereof), to the fullest extent permitted by the General Corporation Law of the State of Delaware, and, without limiting the generality of the foregoing, will be obligated on its commitment to indemnify the Executive as set forth in the Executive's previous employment agreement with the Company that was affirmed by order of the Delaware Bankruptcy Court dated August 21, 1991.

10. All payments and benefits due to the Executive hereunder shall be subject to the Executive's compliance with the following provisions for a period ending one year after the date hereof:

(a) The Executive shall, upon reasonable notice, furnish such information and proper assistance to the Company and its subsidiaries as may reasonably be required in connection with any litigation in which it or any of its subsidiaries is, or may become, a party.

(b) The Executive will not discuss with any other employee of the Company or its subsidiaries the formation or operations of any business intended to compete with the Company or its subsidiaries, or the possible future employment of such other employee by any business.

(c) Any public statement made by the Executive concerning the Company or its subsidiaries, officers, directors or employees shall be submitted for approval in writing from the Company's public relations and legal departments.

If the Executive fails to comply with the above obligations, the Company may cease extending benefits to the Executive and may recover by appropriate action instituted in any court of competent jurisdiction (i) any net after-tax payments theretofore paid to the Executive hereunder, and (ii) any tax benefit actually realized by the Executive as a result of the recovery of any such payments with respect to the taxable year of the Executive during which the Executive repays to the Company the payments described in clause (i) of this sentence (it being understood and agreed that the Company will not be entitled to recover any tax benefit actually realized by the Executive in any later taxable year of the Executive, including, but not limited to, any such tax benefit resulting from any payment under this clause (ii)). For purposes of clause (ii) of the preceding sentence, a tax benefit is "actually realized by the Executive" "with respect to the taxable year of the Executive" when it results, with respect to such taxable year, in a refund of tax to the Executive for such taxable year or a reduction in the amount of tax for such taxable year which the Executive would have had to pay if such repayment had not been made.

11. The Executive hereby releases, remises, acquits and discharges the Company, Air Partners, L.P. and Air Canada and each of their respective subsidiaries, divisions, officers, directors, agents, employees, consultants, independent contractors, attorneys, advisers, successors and assigns, jointly and severally, from any and all claims, known or unknown, which the Executive, his heirs, successors or assigns have or may have against any of such parties and any and all liability (including any claims under the April 16, 1993 employment agreement or any prior such agreements, except with regard to the obligation set forth in Section 9 of this Agreement) that any of such parties may have to him whether denominated claims, demands, causes of action, obligations, damages or liabilities arising from any and all bases, however denominated, including but not limited to claims of discrimination under the U.S. Age Discrimination in Employment Act, Title VII of the United States Civil Rights Act of 1964, 42 U.S.C. Paragraph 1981, V.T.C.A., Labor Code Paragraph 21.051(1) or any other Texas law, or any other U.S. federal, state or local law or any other law, rule or regulation or workers' compensation or disability claims under any such laws. Notwithstanding any other provision of this Agreement, this release is not intended to interfere with the Executive's right to file a charge with the U.S. Equal Employment Opportunity Commission in connection with any claim the Executive believes he may have against the Company, Air Partners, L.P., Air Canada or any of their subsidiaries. However, by signing this Agreement, the Executive agrees to waive the right to recover in any proceeding he may bring before the U.S. Equal Employment Opportunity Commission or in any proceeding brought by the U.S. Equal Employment Opportunity Commission on his behalf. This release relates to claims arising from and during the Executive's relationship with the Company, Air Partners, L.P., Air Canada, their subsidiaries and predecessor companies, or as a result of the termination of such relationship. This release is for any relief, no matter how denominated, including but not limited to wages, back pay, front pay, compensatory damages or punitive damages. The Executive further agrees that the Executive will not file or permit to be

filed on his behalf any such claim. This release shall not apply to (a) the obligations set forth in this Agreement or (b) any other claims that may arise after the date on which he signs this Agreement. The Executive expressly acknowledges that the benefits being offered to him in this Agreement constitute consideration for the foregoing release that is in addition to anything of value to which he is already entitled from the Company, Air Partners, L.P., Air Canada and their subsidiaries.

The Company, Air Partners, L.P. and Air Canada hereby release, remise, acquit and discharge the Executive and his heirs, successors, assigns, agents, attorneys and advisers, jointly and severally, from any and all claims, known or unknown, which they, their subsidiaries, successors or assigns have or may have against him and any and all liability (including any claims under the April 16, 1993 employment agreement or any prior such agreements) which the Executive may have to the Company, Air Partners, L.P., Air Canada or their subsidiaries whether denominated claims, demands, causes of action, obligations, damages or liabilities arising from any and all bases, however denominated. This release relates to claims arising from and during the Executive's relationship with the Company, Air Partners, L.P., Air Canada, their subsidiaries and predecessor companies, or as a result of the termination of such relationship. This release is for any relief, no matter how denominated, including but not limited to compensatory damages or punitive damages. The Company, Air Partners, L.P. and Air Canada further agree that they will not file or permit to be filed on behalf of the Company, Air Partners, L.P. or Air Canada or any of their subsidiaries, successors or assigns any such claim. This release shall not apply to (a) the obligations set forth in this Agreement or (b) any other claims that may arise after the date on which the Executive signs this Agreement. The Company, Air Partners, L.P. and Air Canada expressly acknowledge that they and their subsidiaries are receiving consideration for the foregoing release that is in addition to anything of value to which they are already entitled from the Executive.

Nothing in this Section 11 shall have any effect on the Executive's ability to receive any properly payable benefit under any existing or expired director and officer insurance policy maintained by the Company. The Company shall maintain with respect to the Executive the same coverage under any director and officer insurance policies relating to the period during which the Executive was a director and/or officer as is maintained for others who were directors and officers during such period or continue to be directors and officers (but only with respect to actions during such period).

12. This Agreement does not constitute an admission of liability of any kind by the Company or any of its subsidiaries. This Agreement is personal to the Executive and, without the prior written consent of the Board of Directors of the Company, shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. The terms of this Agreement shall be binding and inure to the benefit of the Company, Air Partners, L.P., Air Canada and their respective subsidiaries, successors and assigns. This Agreement constitutes the entire understanding between the Executive and the Company, Air Partners, L.P., Air Canada and their respective subsidiaries with respect to the subject matter hereof, and supersedes all prior understandings, written or oral. Without limitation on the foregoing, this Agreement shall supersede the April 16, 1993 employment agreement between the Executive and the Company and any prior such agreements, except as set forth in Section 9 of this Agreement. The terms of this Agreement may be changed, modified or discharged only by an instrument in writing signed by the parties hereto. This Agreement shall be construed, enforced and interpreted in accordance with applicable Federal law and the laws of the State of Texas without reference to its principles of conflicts of law. If either party brings an action or proceeding to enforce such party's rights under this Agreement, the prevailing party in such action or proceeding shall be entitled to receive from the other party an amount equal to the prevailing party's reasonable attorneys' fees and expenses incurred as a result of such action or proceeding. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be original.

13. (a) All payments hereunder shall be subject to, and reduced by, applicable withholding taxes, which the Company shall timely remit to the appropriate tax authorities.

(b) Because the Executive believes there is some uncertainty as to the proper characterization for federal tax purposes of payments made by the Company to, or for the benefit of, the Executive, the Executive has determined that he wishes to file his federal income tax returns and make payment of taxes on the basis that a portion of the payments due him under Section 3 of this Agreement in the aggregate amount of \$2,441,618 (which amount excludes a "base amount," as defined in Section 280G of the Code, of \$370,813) is subject to Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), although a statement will be included in such returns that states the Executive reserves the right to prosecute a refund claim with respect thereto on the grounds that such payments are not subject to Section 4999 of the Code and that the Executive is obligated to refund amounts to the Company in the event that such refund claim is successful. The Executive and the Company acknowledge that as a result of this determination (i) \$126,170 of the \$418,209 amount due the Executive on the date of execution of this Agreement under Section 3 of this Agreement,

and (i) \$723,092 of the \$2,394,222 amount due the Executive on January 3, 1995, under Section 3 of this Agreement, relate to excise, medicare, and income tax indemnities and gross-ups that the Executive is entitled to if such payments are subject to Section 4999 of the Code. The Executive, therefore, requests that the Company withhold, and the Company agrees to withhold, income, medicare, and excise taxes from such amounts as set forth on Appendix B and determined utilizing the methodology set forth on Appendix A, notwithstanding the Company's view that none of such payments are subject to Section 4999 of the Code. On or before the date the Executive files his federal income tax return for 1994, the Company and the Executive shall recompute the amounts due under Section 3 of this Agreement based upon the information in such federal income tax return to be filed and utilizing the methodology set forth in Appendix A hereto. The Executive anticipates that his taxable income for 1994 (excluding any amount due the Executive under Section 3 of this Agreement) will not vary by more than \$150,000 from the \$590,587 taxable income figure used in Appendix A. Within 10 days after the Company and the Executive agree on such recomputation, the Company or the Executive, as the case may be, shall make a payment to the other to reflect the results of such recomputation. In the event any federal tax rate used in the computations reflected on the first two pages of Appendix A is different from the corresponding rate in effect with respect to the Executive's 1995 taxable year solely as a result of changes in applicable tax law, the Company and the Executive shall recompute the amounts due on January 3, 1995, under Section 3 of this Agreement so that neither party receives a benefit nor suffers a detriment solely as a result of such tax rate difference. Any such recomputation shall be made within 10 days after enactment of the law causing such difference. Within 10 days after the Company and the Executive agree on such recomputation, the Company or the Executive, as the case may be, shall make a payment to the other to reflect the results of such recomputation.

(c) As a result of the uncertainty in the application of Section 4999 of the Code, it is possible that the Internal Revenue Service may claim (a "Claim") that the Executive's tax liability is increased by the reason of the imposition of the excise tax under Section 4999 of the Code on a payment or payments made by the Company to or for the benefit of the Executive with respect to which the Company has not made sufficient indemnity and gross-up payments. The Executive shall promptly notify the Company in writing of any Claim and will not pay such Claim prior to the expiration of the thirty-day period following the date on which the Executive gave such notice to the Company (or such shorter period ending on the date that any payment of taxes with respect to such Claim is due). If the Company notifies the Executive in writing prior to the expiration of such period that it desires to contest such Claim, the Company shall, subject to the provisions of this Section 13, have the right to control all proceedings relating to such Claim, including requesting the Executive to pay the amounts claimed and pursue a refund claim with respect to such amounts (a "Defensive Refund Claim"). In addition, the Company may prepare and prosecute a refund claim (an "Offensive Refund Claim") with respect to any payments hereunder treated as subject to Section 4999 of the Code (and related taxes thereon).

(d) The Executive shall appoint the Company (or counsel appointed by the Company) as attorney-in-fact to prosecute any Claim, Defensive Refund Claim or Offensive Refund Claim (a "Controversy") on his behalf for the Company's benefit with respect thereto. The Company shall bear and pay directly all costs and expenses (including the costs and expenses of counsel and experts retained by the Company and any additional interest and penalties) incurred in connection with any Controversy and shall indemnify and hold the Executive harmless, on a fully grossed-up after tax basis, for any tax, including interest and penalties with respect thereto, imposed as a result of such payment of costs and expenses. If the Company requests the Executive to pay an amount claimed and pursue a Defensive Refund Claim, the Company shall advance the amount of such payment to the Executive, on an interest-free basis, and shall indemnify and hold the Executive harmless, on a fully grossed-up after tax basis, from any tax, including interest and penalties with respect thereto, imposed with respect to such advance or with respect to any imputed income with respect to such advance. With respect to any Claim, the Company shall indemnify and hold the Executive harmless, on a fully grossed-up after tax basis, from all liabilities for taxes (including any interest and penalties imposed with respect to such taxes), including any tax under Section 4999 of the Code, resulting from such Claim. If, after the receipt by the Executive of any amount advanced by the Company under this Section 13(d), a final determination is made that the Executive is not entitled to a refund of the amount claimed to which such advance relates, then such advance shall be forgiven, to the extent that the Executive was not entitled to a refund of the amount claimed, and such forgiven amount shall not be required to be repaid and shall offset, to the extent thereof, the amount of indemnities and gross-ups required to be paid by the Company hereunder.

(e) In the Company's prosecution of any Controversy, (i) any extension of the statute of limitations relating to assessment, payment or collection of taxes for the taxable year of the Executive with respect to which the contested amount of the Controversy relates shall be limited solely to such contested amount, and (ii) the Company's control of any contest or proceeding shall be limited to issues with respect to the Controversy and the Executive shall be entitled to settle or contest, in his sole and absolute discretion, any other issue. The Company shall

promptly keep the Executive informed of all developments and events relating to any such Controversy (including, without limitation, providing to the Executive copies of all written materials pertaining to any such Controversy), and the Executive or his authorized representatives shall be entitled, at the Executive's expense, to participate in all conferences, meetings and proceedings relating to any such Controversy. The Executive agrees to provide (or cause to be provided) to the Company any information reasonably requested by the Company that is within his possession or control and relates to such Controversy and otherwise to cooperate with the Company and its representatives in good faith in order to contest effectively such Controversy.

(f) Any refund (including interest thereon) actually received by or credited to the Executive as a result of a Controversy shall be returned to the Company by the Executive within 10 days of such receipt or 10 days of receipt of notice of such crediting, as the case may be. In addition, the Executive shall pay to the Company an amount equal to any tax benefit actually realized by the Executive with respect to the taxable year during which the Executive actually returns to the Company such refund or a prior taxable year as a result of such return (it being understood and agreed that the Company will not be entitled to recover any tax benefit actually realized by the Executive with respect to any later taxable year of the Executive, including, but not limited to, any such tax benefit resulting from any payment pursuant to this sentence). A tax benefit is "actually realized by the Executive with respect to the taxable year" "or a prior taxable year" when it results, with respect to such taxable year, in a refund of tax to the Executive or a reduction in the amount of tax which the Executive would have had to pay if such repayment had not been made in such taxable year. Any tax benefit required to be paid by the Executive to the Company under this Section 13(f) shall be paid within 10 days after the date on which such tax benefit is actually realized by the Executive.

14. The failure of either party at any time to enforce any of the provisions of this Agreement or to require performance by the other party of any provision hereof shall not be construed to be a waiver of such provisions or to affect the validity of this Agreement, or any part hereof, or of the right of either party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

15. Written notices required or furnished under this Agreement shall be sent to the following addresses:

to the Company: Continental Airlines, Inc.
2929 Allen Parkway
Suite 2020
Houston, Texas 77019
Attention: Corporate Secretary

to the Executive: Information to be treated confidentially
by Continental Airlines, Inc.

Notices shall be effective on the first business day following receipt thereof. Notices sent by mail shall be deemed received on the date of delivery shown on the return receipt.

16. Except as is otherwise specifically provided in this Agreement, the Executive will return to the Company and its subsidiaries, as promptly as possible, any personal property of the Company and its subsidiaries such as keys and company credit cards. The Executive shall not charge any additional amounts on any company credit card, and represents that he has not made any such charges since October 26, 1994.

17. The payments hereunder will not constitute compensation for any purpose under any retirement plan or scheme maintained by the Company or any of its subsidiaries.

18. The Company will pay the reasonable fees and expenses of (a) counsel incurred on his behalf in connection with the review and negotiation of this Agreement in an amount not to exceed \$85,000 and (b) tax counsel, accountants and other appropriate professionals in connection with the preparation of the Executive's 1994 and 1995 tax returns in an amount not to exceed \$10,000 for each return.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Executive has executed this Agreement, in each case on the date first above written.

CONTINENTAL AIRLINES, INC.

By: /s/ David Bonderman
David Bonderman
Title: Chairman

EXECUTIVE

/s/ Robert R. Ferguson III
Robert R. Ferguson III

FERGUSON CALCULATIONS

W-2 through 11/30/94	\$ 556,791
Accrued Vacation	25,000
Other Income	15,000
	\$ 596,791
Severance Amount	\$1,845,225
Total (Gross) Income	\$2,442,016
Total (Gross) Income Not Including Severance	\$ 596,791
Total Itemized Deduction	- 6,204
Taxable Income Not Including Severance	\$ 590,587
Income Tax (married/joint)	\$ 210,177
Average Rate of Taxation on Income before Severance	35.21785%
Total (Gross) Income	\$2,442,016
	x .3521785
Income Tax (married/joint)	\$ 860,026
Medicare Tax Rate	1.45%
Total (Gross) Income (subject to Medicare Tax)	\$2,442,651
Medicare Tax	\$ 35,418
Income Tax	\$ 860,026
Total Tax	\$ 895,444
Total (Gross) Income	\$2,442,016
Total Tax	- 895,444
After Tax Income	\$1,546,572

1. Bracket Creep Gross-Up Calculation

$$X - (75,305 + .396(X - 250,000 - 3,720 \ 1/)) - (.0145(X + 635 \ 2/)) = 1,546,572$$

$$X - 75,305 - .396X + 99,000 + 1,473 - .0145X - 9 = 1,546,572$$

$$.5895X + 25,159 = 1,546,572$$

$$.5895X = 1,521,413$$

$$X = \$2,580,853$$

$$-2,442,016$$

$$138,837 = \text{Bracket Creep Gross-Up}$$

2. Excise Tax Gross-Up Calculation

$$X - (75,305 + .396(X - 250,000 - 3,720)) - (.0145(X + 635)) - (.2(X - 370,813 - 596,791)) = 1,546,572$$

$$X - 75,305 - .396X + 99,000 + 1,473 - .0145X - 9 - .2X + 74,163 + 119,358 = 1,546,572$$

$$.3895X + 218,680 = 1,546,572$$

$$.3895X = 1,327,892$$

$$X = \$3,409,222$$

$$-2,442,016$$

$$- 138,837$$

$$\$ 828,369 = \text{Excise Tax Gross-Up}$$

$$\$3,409,222$$

$$- 596,791$$

$$\$2,812,431$$

$$- 370,813$$

$$\$2,441,618$$

$$x \quad 20\%$$

$$\$ 488,324 = \text{Excise Tax}$$

- 1/ Total itemized deduction taken on Total (Gross) Income including severance.
- 2/ Excess of income subject to Medicare tax over income subject to federal income tax.

3. Base Amount Allocations

Total Separation Payments	\$2,812,431
1994 Separation Payment	- 418,209
1995 Separation Payment	\$2,394,222

Present Value of 1994

Separation Payment	\$ 389,984	3/
Present Value of 1995		
Separation Payment	\$2,216,225	4/
PV of Total	2,606,209	

Present Value of 1994		
Separation Payment	\$ 389,984	
PV of Total	divided by 2,606,209	
	.1496365	
Base Amount	x 370,813	
1994 Base Amount	55,487	
Base Amount	\$ 370,813	
1994 Base Amount	- 55,487	
1995 Base Amount	315,326	

4. \$1 Million Cap and 1994 Excise Tax Calculation

Severance Payment	\$1,845,225
Bracket Creep Gross-Up	138,837
Excise Tax Gross-Up	828,369
Total Separation Payment	\$2,812,431

W-2 through 11/30/94	\$ 556,791
Accrued Vacation	25,000
1994 W-2 Compensation before Separation Payment	\$ 581,791

Maximum 1994 W-2 Compensation	\$1,000,000
1994 W-2 Compensation before Separation Payment	- 581,791
1994 (Gross) Separation Payment	\$ 418,209
1994 Base Amount	55,487
1994 "Excess Parachute Payment"	\$ 362,722
Excise Tax Withholding Rate	x 20%
Excise Tax Withholding Amt.	\$ 72,544

3/ Present value on April 16, 1993, of \$418,209 on November 16, 1994, using a 4.46% discount rate.

4/ Present value on April 16, 1993, of \$2,394,222 paid on January 16, 1995, using a discount rate of 4.46%.

Income Tax Gross-Up on Excise Tax 5/	\$ 120,106
Excise Tax Withholding Amt.	- 72,544
Income Tax Withholding on Excise Tax Indemnity	\$ 47,562

1994 (Gross) Separation Payment	\$ 418,209
Medicare Tax Withholding Rate	x 1.45%
Medicare Withholding	\$ 6,064

1994 (Gross) Separation Payment	\$ 418,209
Excise Tax Withholding Amount	- 72,544
Income Tax Withholding on Excise Tax Indemnity	- 47,562
Separation Payment after Income and Excise Withholding	\$ 298,103
Regular Withholding Rate	x 28%
Regular Withholding	\$ 83,469

Excise Tax Withholding Amt.	\$ 72,544
Income Tax Withholding on Excise Tax Indemnity	\$ 47,562
Medicare Withholding	\$ 6,064
Regular Withholding	\$ 83,469
Total 1994 Withholding	\$ 209,639

1994 (Gross) Separation Payment	\$ 418,209
Total 1994 Withholding	- 209,639
Net 1994 Separation Payment	\$ 208,570

5. 1995 Excise Tax Calculation

Severance Payment	\$1,845,225
Bracket Creep Gross-Up	138,837
Excise Tax Gross-Up	828,369
Total Separation Payment	\$2,812,431
1994 (Gross) Separation Payment	- 418,209
1995 (Gross) Separation Payment	\$2,394,222
1995 Base Amount	315,326
1995 "Excess Parachute Payment"	\$2,078,896
Excise Tax Withholding Rate	x 20%
Excise Tax Withholding Amt.	\$ 415,779

Income Tax Gross-Up on

Excise Tax 6/	\$ 688,376
Excise Tax Withholding Amt.	- 415,779
Income Tax Withholding on Excise Tax Indemnity	\$ 272,597

5/ \$72,544 divided by (1 - .396).

6/ \$415,779 divided by (1 - .396).

1995 (Gross) Separation Payment	\$2,394,222
Medicare Tax Withholding Rate	x 1.45%
Medicare Withholding	\$ 34,716

1995 (Gross) Separation Payment	\$2,394,222
Excise Tax Withholding Amount	- 415,779
Income Tax Withholding on Excise Tax Indemnity	- 272,597
Separation Payment after Income and Excise Withholding	\$1,705,846
Regular Withholding Rate	x 28%
Regular Withholding	\$ 477,637

Excise Tax Withholding Amt.	\$ 415,779
Income Tax Withholding on Excise Tax Indemnity	- 272,597
Medicare Withholding	- 34,716
Regular Withholding	- 477,637
Total 1995 Withholding	\$1,200,729

1995 (Gross) Separation Payment	\$2,394,222
Total 1995 Withholding	-1,200,729
Net 1995 Separation Payment	\$1,193,493

APPENDIX B

FERGUSON CALCULATIONS

1. 1994 PAYMENTS DUE IN DUE COURSE, BUT NO LATER THAN NOVEMBER 30, 1994

a. Salary from November 16, 1994 through November 30, 1994:

Gross Amount	\$25,500
Less: Federal Income Tax Withholding	(9,046)
Medicare Tax Withholding	(370)
Net Amount	\$16,084

b. Accrued Vacation

Gross Amount	\$25,000
Less: Federal Income Tax Withholding (@28%)	(7,000)
Medicare Tax Withholding	(363)
Net Amount	\$17,637

2. 1994 PAYMENTS DUE UPON EXECUTION OF THIS AGREEMENT

Lump Sum Payment Under Section 3 of this Agreement:

Gross Amount	\$ 418,209
Less: Federal Income Tax Withholding	(131,031)
Medicare Tax Withholding	(6,064)
Section 4999 Excise Tax Withholding [20% (\$418,209-\$55,487 Base Amount)]	(72,544)
Net Amount	\$ 208,570

3. 1995 PAYMENT DUE ON JANUARY 3, 1995 UNDER SECTION 3 OF THIS AGREEMENT

Gross Amount	\$2,394,222
Less: Federal Income Tax Withholding	(750,234)
Medicare Tax Withholding	(34,716)
Section 4999 Excise Tax Withholding [20%(\$2,394,222-\$315,326 Base Amount)]	(415,779)
Net Amount	\$1,193,493

Memorandum of Agreement

Charles T. Goolsbee ("Goolsbee") and Continental Airlines, Inc. ("Continental") in full and final settlement of all rights and obligations of the parties under the Employment Agreement between them dated as of April 16, 1993, agree as follows:

1. The Employment Agreement dated as of April 16, 1993 is of no further force and effect and is, in all respects, terminated.
2. Goolsbee shall remain in the employ of Continental until March 15, 1995.
3. The balance of the loans presently owed to Continental by Goolsbee in the principal amount of \$364,000, and all interest thereon, is hereby forgiven.
4. Continental shall pay Goolsbee the sum of \$150,000 on or before March 31, 1995.
5. If, as and when Goolsbee sells his house, Continental agrees to pay, at the Closing thereof, a brokerage commission of up to six percent (6%) of the sale price to Goolsbee for payment to the selling broker, plus the sum of \$30,000 to Goolsbee.
6. Goolsbee shall act as a consultant to Continental for a period of one year, at the rate of \$15,000 per month, from March 15, 1995 to March 14, 1996, on the following terms:
 - (a) Goolsbee shall work 12 (twelve) full business days per month on the business of Continental in matters relating to potential business alliances for Continental and in legal matters of Continental, all as directed by Gordon Bethune or his designee;
 - (b) Goolsbee shall report to Gordon Bethune or his designee;
 - (c) Continental shall indemnify Goolsbee against all losses, including legal fees and expenses, arising from claims against Goolsbee in connection with Goolsbee's good-faith execution of his consultancy hereunder. Continental shall, to the fullest extent permitted by law, indemnify Goolsbee for all acts or omissions committed by Goolsbee while he was employed as a Continental employee;
 - (d) Goolsbee shall assist Continental in connection with any litigation in which it, or its affiliates, is or may become a party;
 - (e) Goolsbee will not accept employment from any person, firm or corporation which, in any way, competes with Continental;
 - (f) Goolsbee will not solicit, directly or indirectly, any employee of Continental to leave the employ of Continental.
7. Goolsbee shall, to the extent feasible under Continental's various programs, continue to be included in the group insurance programs, including long-term disability and group term life insurance at the normal rate (one-half current annual salary, i.e. at \$162,500), provided he has not accepted other employment that provides comparable benefits, for the period of the consultancy in para. 6 hereinabove and for a period of one and one-half years thereafter, and shall, indefinitely, be entitled to the same pass privileges on Continental as he enjoyed during his period of employment with Continental. During Goolsbee's twelve-month consultancy period, he will also have the same pass privileges on other airlines that he enjoyed during his period of employment with Continental. Goolsbee shall be eligible for COBRA benefits, at his own expense, commencing with the cessation of his health benefits under this para. 7.
8. Goolsbee and Continental both confirm to each other that there are no oral representations or inducements, of any kind or nature, made by either to the other to induce the other to enter into this Memorandum of Agreement, and none shall be claimed at any time.
9. In the event of any dispute arising hereunder, Goolsbee and Continental agree to arbitrate the dispute before the American Arbitration Association in New York City.
10. This Memorandum of Agreement constitutes the entire agreement between Goolsbee and Continental, and may not be changed, amended or modified except by a writing signed by Goolsbee and by Continental.

February 23, 1995

/s/ Charles Goolsbee
Charles Goolsbee

Continental Airlines, Inc.

by: /s/ Gordon Bethune
Gordon Bethune
President and Chief Executive Officer

SECOND AMENDED AND RESTATED EMPLOYMENT COMPENSATION AGREEMENT

This Agreement dated as of January 10, 1995 between Continental Airlines, Inc. (the "Company"), a Delaware corporation, and Gordon M. Bethune (the "Executive"),

W I T N E S S E T H:

WHEREAS the Company and the Executive (each referred to herein individually as a "Party" and collectively as the "Parties") have entered into an Employment Agreement dated as of February 14, 1994 (the "Employment Agreement") a letter agreement dated February 14, 1994 (the February Letter Agreement) a letter agreement dated July 7, 1994 (the "Letter Agreement") an amendment to the Employment Agreement styled First Amendment to Employment Agreement dated as of July 12, 1994 (the "First Amendment") and a Amended and Restated Employment Compensation Agreement dated January 10, 1995 (the "First Amended and Restated Agreement"), and

WHEREAS to implement the agreement of the parties with respect to the supplemental executive retirement plan set forth in Section 18 below, the Company and the executive desire to further amend the Employment Agreement and to restate the Employment Agreement as amended to date,

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Parties hereto agree that the Employment Agreement hereby be amended and restated in its entirety as follows:

1. Employment - The Company agrees to employ the Executive, and the Executive agrees to remain in the employ of the Company under the terms and conditions herein provided.

2. Position - During his employment hereunder, the Executive agrees to serve the Company and the Company shall employ the Executive in such capacity or capacities as may be specified from time to time by the Board of Directors of the Company, subject to the provisions of Section 5(a)(ii) hereof and that such Executive shall not be required to work at a location other than one within the contiguous 48 states of the United States of America.

3. Term - The Executive's employment shall be one at will, to-wit: either the Executive or the Company shall have the right to terminate it at any time, with or without cause, and without any liability or obligation of either Party to the other except as may be expressly specified in this Agreement.

4. Compensation - The Company will pay the Executive a base salary at an initial annual rate of \$550,000, payable in substantially equal semi-monthly installments. During his employment with the Company, the Executive's salary shall be reviewed periodically in accordance with Company policy and such review may result in an increase in said salary which such amount shall be substituted for the specified amount set forth in this Section.

5. Termination of Employment -

(a) A "Termination of Employment" shall be defined as any one of the following: (i) the termination of the Executive's employment by the Company for any reason other than (A) willful misconduct or gross neglect of duty by the Executive, (B) retirement under the ordinary retirement program of the Company, (C) disability of the Executive resulting in compensated absence from his duties to the Company on a full-time basis for over 180 days or (D) death of the Executive; (ii) the termination of the Executive's employment by the Executive after providing the Company with ten business days' prior written notice that the Executive is terminating employment because of (A) a material reduction in the responsibilities or title of the Executive or of the corporate amenities to which he was entitled immediately prior thereto or (B) a reduction of the Executive's cash compensation by more than 10% below the highest annual salary from time to time in effect for the Executive; provided, however, that no Termination of Employment shall occur pursuant to the preceding clause (ii) if the circumstances described in the preceding clauses (ii)(A) and (ii)(B) are corrected prior to the expiration of ten business days from the date the Executive provided notice to the Company of his intent to terminate employment; and (iii) the Termination of the Executive's employment by the Executive following a Change in Control. For purposes hereof, a Change in Control shall be deemed to have occurred if (a) any corporation, person or other entity completes a tender or exchange offer for shares of the Company's common stock pursuant to which purchases are made of more than 50% of the Company's common stock, (b) the Company merges with or consolidates into another corporation pursuant to a transaction in which the holders of the Company's common stock immediately prior to such merger or consolidation own less than 50% of the common stock of the Company into which the Company is merged or consolidated immediately after such merger or consolidation or the Company sells or otherwise disposes of all or substantially all of its assets, (c) any person other than Air Canada or

Air Partners owns, directly or indirectly, securities entitling such person to, or such person does in fact, elect a majority of the Company Board of Directors, or (d) either Air Canada or Air Partners ceases to own, directly or indirectly, securities entitling such person to elect one-sixth of the Board of Directors of the Company, provided that this clause (d) shall not apply in the case of a sale by Air Canada of all or any portion of its shares to another foreign air carrier.

(b) Upon a Termination of Employment, or upon the expiration of long term disability insurance benefits (prior to the Executive's regular retirement date) while the Executive remains disabled, the Company will pay the Executive (subject to provisions of Section 9 hereof) as severance pay or liquidated damages, or both, a lump sum amount equal to 300% of his then current Annual Compensation from the Company. For purposes hereof, "Annual Compensation" shall mean the annualized rate of pay as set forth in Section 4 hereof plus a Deemed Annual Bonus. The "Deemed Annual Bonus" shall be equal to 25% of the annualized pay rate set forth in Section 4 hereof.

(c) Executive shall be under no obligation to mitigate his damage resulting from a Termination of Employment and no future earnings by Executive from any source shall be payable to the Company or shall reduce the sums due from the Company pursuant to this Agreement.

(d) For a period of three years following a Termination of Employment, the Executive shall continue in the Company's group insurance programs, including long-term disability insurance (or be provided substantially comparable benefits), provided he has not accepted other employment that provides comparable benefits. The Executive's entitlement to benefit continuation pursuant to the Consolidated Omnibus Budget Reconciliation Act shall commence at the end of such period.

(e) For three years following a Termination of Employment, and provided all annual pass cards in the possession of the Executive have been surrendered to the Company, the Executive and his eligible family members shall be entitled to pass privileges on Continental Airlines of the same type and priority as the Executive received prior to the Termination of Employment, subject to any changes in policy generally applicable to officers of Continental Airlines still in the employ thereof. In addition, upon termination of Executive's employment for any reason, Executive and eligible family members shall be entitled to a lifetime pass at senior officer retiree grade. Passes shall be issued upon individual requests directly to the Continental Airlines pass bureau.

6. Indemnification - The Company shall indemnify the Executive against all losses, including legal fees and expenses, arising from claims against the Executive in connection with the Executive's good-faith execution of his employment hereunder, to the fullest extent permitted by the General Corporation Law of the State of Delaware.

7. Tax Indemnity - The Company shall indemnify Executive on a fully grossed-up after-tax basis against any tax liability (including, without limitation, excise taxes incurred pursuant to IRC Paragraph 4999) resulting from the payment of severance or the provision of other benefits following a Termination of Employment pursuant to this Agreement (excluding benefits provided for under Section 18), to the extent that Executive's tax payments are at a higher percentage of total income than they would have been absent such payment of severance or provision of benefits. To the extent not otherwise provided for in this Agreement, the Company shall also indemnify Executive with respect to any medicare payroll taxes (plus any income taxes imposed on such indemnity payments) as incurred by Executive in connection with the deferral of compensation under the supplemental executive retirement plan set forth in Section 18.

8. Life Insurance - The Company shall maintain life insurance for the Executive in the amount of the severance payable to Executive pursuant to Section 5 hereof. In the absence of such life insurance, the Company shall pay Executive's beneficiary or beneficiaries an amount equal to such severance in the event of the death of Executive while employed by the Company. The Company shall hold Executive harmless from any tax liability accruing to Executive as a result of the purchase of such insurance, and likewise shall hold Executive's estate, heirs and assigns harmless from any tax liability accruing because of the failure to maintain such insurance.

9. Post-Termination Obligations - All payments and benefits due to the Executive hereunder shall be subject to the Executive's compliance with the following provisions during the applicability of this Agreement and for one full year after the expiration or termination hereof;

(a) The Executive shall, upon reasonable notice, furnish such information and proper assistance to the Company and its affiliates as may reasonably be required in connection with any litigation in which it or any of its affiliates is, or may become, a party.

(b) The Executive will not discuss with any other employee of the Company or its affiliates the formation or operations of any business intended to compete with the Company or its affiliates, or the possible future employment of such other employee by any business.

(c) Any public statements made by the Executive concerning the Company or its affiliates, officers, directors or employees shall be submitted for approval in writing from the Company's public relations and legal departments.

If the Executive fails to comply with the above obligations, the Company may cease extending benefits to the Executive and may recover by appropriate action instituted in any court of competent jurisdiction any severance payments theretofore paid to the Executive.

10. Consolidation, Merger, Sale of Assets - This Agreement shall be binding upon and inure to the benefit of the Executive and the Company and its successors and assigns, including without limitation any corporation with or into which the Company may be consolidated or merged or to which the Company sells or transfers all or substantially all of its assets.

11. Notices - Written notices required or furnished under this Agreement shall be sent to the following addresses:

to the Company: Continental Airlines, Inc.
2929 Allen Parkway, Suite 2010
Houston, Texas 77019
Attention: Corporate Secretary

to the Executive: Gordon M. Bethune
Information to be treated
confidentially by
Continental Airlines, Inc.

Notices shall be effective on the first business day following receipt thereof. Notices sent by mail shall be deemed received on the date of delivery shown on the return receipt.

12. Amendments - This Agreement may not amended or changed, orally or in writing, except by the written agreement of the Parties.

13. Governing Law - This Agreement and any dispute arising under or relating to any provision of this Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

14. Confidentiality - Except as provided by law, all information provided by either Party to the other hereunder, including the terms and conditions of the Agreement, shall be treated by the Party receiving such information as confidential, and shall not be disclosed by such Party to any party without the prior written consent of the Party from which the information was obtained. This obligation of confidentiality shall survive termination of this Agreement.

15. Severability - If any one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

16. Previous Agreements - This Agreement constitutes the entire understanding and agreement of the Parties with respect to the subject matter hereof and replaces and supersedes any and all previous employment agreements, either written or verbal, between the Parties including without limitation the February Letter Agreement, the Letter Agreement, the Employment Agreement, the First Amendment and the First Amended and Restated Agreement.

17. Captions - All Section titles or captions contained in this Agreement are for convenience only and shall not be deemed as part of this Agreement.

18. Supplemental Executive Retirement Plan -

(a) The Company agrees to pay Executive the deferred compensation benefits set forth in this Section 18 as a supplemental executive retirement plan (the "Plan"). The base retirement benefit under the Plan (the "Base Benefit") shall be in the form of an annual straight life annuity in an amount equal to the product of (i) 1.6% times (ii) the number of Executive's credited years of service (as defined below) under the Plan times (iii) the Executive's final average compensation (as defined below). For purposes hereof, Executive's credited years of service under the Plan shall be equal to the number of Executive's years of benefit service with the Company, calculated as set forth in the Continental Airlines Retirement Plan beginning at January 1, 1995; provided, however that if a Termination of Employment occurs and Executive is paid severance pay under Section 5(b) of this Agreement, Executive shall be further credited with three (3) additional years of service under the Plan. For purposes hereof, Executive's final average compensation shall be equal to the greater of (i) \$550,000 or (ii) the average of the five highest annual cash compensation amounts paid to Executive by the Company during the consecutive ten calendar years immediately preceding his termination of employment at retirement or otherwise. For purposes hereof, cash compensation shall include base salary plus cash bonuses other than the bonus set forth in Section 19 below and any other bonus paid on or prior to

March 31, 1995. All benefits under the Plan shall be payable in equal monthly installments beginning on the first day of the month following the Retirement Date. For purposes hereof, "Retirement Date" is defined as later of the (i) date on which Executive attains (or in the event of his earlier death), would have attained) age 65 or (ii) the date of his retirement from employment with the Company. If Executive is single on the Retirement Date, benefits under the Plan will be paid to Executive during his lifetime in the form of the Base Benefit. If Executive is married on the Retirement Date, benefits under the Plan will be paid in the form of a joint and survivor annuity that is actuarially equivalent (as defined below) to the Base Benefit, with Executive's surviving spouse being entitled during her lifetime after his death to a benefit (the "Survivor's Benefit") equal to 50% of the benefit payable to Executive during their joint lifetimes. In the event of Executive's death prior to the Retirement Date, his surviving spouse, if he is married on the date of his death, will receive beginning on the Retirement Date an amount equal to the Survivor's Benefit calculated as if the Executive had retired with a joint and survivor annuity on the day before his date of death. The amount of any benefits payable to Executive and/or his spouse under the Continental Airlines Retirement Plan shall be offset against benefits due under the Plan. If Executive's employment with the Company terminates for any reason prior to February 14, 1999, the Company shall provide further benefits under the Plan to ensure that Executive is treated for all purposes as if he were fully vested under the Continental Airlines Retirement Plan.

(b) The Executive understands that he must rely upon the general credit of the Company for payment of benefits under the Plan. The Company has not and will not in the future set aside assets for security or enter into any other arrangement which will cause the obligation created to be other than a general corporate obligation of the Company or will cause Executive to be more than a general creditor of the Company.

(c) For purposes of the Plan, the terms "actuarial equivalent", or "actuarially equivalent" when used with respect to a specified benefit shall mean the amount of benefit of a different type or payable at a different age that can be provided at the same cost as such specified benefit, as computed by the Actuary. The actuarial assumptions used to determine equivalencies between different forms of annuities under the Plan shall be the 1984 Unisex Pensioners Mortality 50% male, 50% female calculation (with males set back one year and females set back five years), with interest at an annual rate of 7%. The term "Actuary" shall mean the individual actuary or actuarial firm selected by the Company to service its pension plans generally or if no such individual or firm has been selected, an individual actuary or actuarial firm appointed by the Company and reasonably satisfactory to Executive and/or his spouse.

19. Bonus Payments. On July 12, 1994, the Company paid to Executive a cash bonus in the amount of \$1,500,000. Executive and the Company agree that: (i) if Executive voluntarily terminates his employment with the Company prior to January 12, 1995, Executive will refund to the Company the entire amount of the bonus (\$1,500,000); (ii) if Executive voluntarily terminates his employment with the Company on or after January 12, 1995 but prior to January 12, 1996, Executive will refund to the Company one-half of the bonus (\$750,000); and (iii) the bonus will be fully earned if Executive does not voluntarily terminate his employment with the Company on or before January 12, 1996.

20. Stock Options - Pursuant to the Company's 1994 Incentive Equity Plan (the "Incentive Plan") the Company has awarded and granted to Executive options to purchase 125,000 shares of Class B Common stock at an exercise price of \$14.125, and options to purchase 125,000 shares of Class B Common Stock at an exercise price of \$11.00 (together, the "1994 Stock Options") with 25% of the shares covered by such stock options vesting annually on a cumulative basis commencing January 2, 1995. The Company further agreed to award and grant to Executive, pursuant to the Incentive Plan, options (the "1995 Stock Options") to purchase 25,000 shares of Class B Common Stock effective January 2, 1995, at an exercise price equal to the market price (as defined in the Incentive Plan, of shares of such stock on January 2, 1995, with 25% of the shares covered by the 1995 Stock Option vesting annually on a cumulative basis commencing January 2, 1995. In the event of a termination of Executive's employment by the Company for any reason other than cause, the Company shall cause any unvested options under the 1994 and 1995 Stock Options to vest immediately. The 1994 Stock Options and the 1995 Stock Options are evidenced, by certain Amended and Restated Stock Option Grants with respect thereto, and the Company and the Executive acknowledge and agree that any and all other agreements with respect to Executive's stock option grants have been superseded and replaced thereby.

21. Restricted Stock Award - Pursuant to the Incentive Plan, Executive has been awarded restricted stock grants for a total of 75,000 shares of the Company's Class B Common Stock with 50% of such restricted stock vesting on March 1, 1995 and 50% vesting on March 1, 1996. In the event of a termination of Executive's employment by the Company for any reason other than cause, the Company shall cause any unvested stock under such grants to vest immediately. Such grant of restricted stock is evidenced by that certain restricted Stock Grant Agreement, executed by the Company September 21, 1994, and Company and Executive acknowledge and agree that any and all other agreements with respect to Executive's restricted

stock grants have been superseded and replaced thereby.

22. Automobile - The Company has leased an automobile for Executive's use pursuant to a lease agreement dated July 11, 1994 with Chase Auto Leasing Corp. The Company agrees to take such action as may be necessary to permit Executive, at his option, to take title to the automobile at the completion of the lease term by paying the residual payment then owing under the lease.

The parties hereto have executed this Agreement as of the date and year first above written.

CONTINENTAL AIRLINES, INC. (the
"Company")

By /s/ Joni K. Ffrench

/s/ Gordon M. Bethune
GORDON M. BETHUNE ("Executive")

March 30, 1995

Mr. John E. Luth

Dear Mr. Luth:

This letter agreement (the "Agreement") sets forth all of the understandings and agreements between you and Continental Airlines, Inc. ("Continental") and its affiliates relating to (1) the termination of your employment with Continental, (2) the resignation from your position as Senior Vice-President and Chief Information Officer of Continental and (3) your retention as a consultant to Continental. You and Continental hereby agree that the effective date of the termination of your employment with Continental will be March 31, 1995 (the "Termination Date") but that you shall retain your title and position as Senior Vice-President and Chief Information Officer of Continental until May 31, 1995. It is intended that the arrangements set forth herein will fully close out all relationships between you and Continental. You understand and agree that there are no other commitments, express or implied, by Continental or any of its affiliates, except those set forth in this Agreement and that this Agreement supersedes any and all previous agreements, either written or verbal, between you and Continental, including, without limitation, the April 16, 1993 employment agreement.

Upon the Termination Date, you shall be entitled to any benefits or rights you have earned under the terms of any employee benefit plans by which you were covered during your employment in accordance with the terms of those plans applicable to your termination of employment. On and after the Termination Date, you shall accrue no further benefits under said plans, except as specifically provided herein.

In addition, Continental is offering you the benefits set forth in this Agreement in recognition of your termination of employment. Continental intends that the benefits being offered hereby will fully close out the relationship between Continental and its affiliates and you, and any possible claims arising from or through that relationship. Consequently, Continental is making the benefits described in this Agreement available to you only on the conditions that you sign and return this Agreement, by which you elect to conclude the relationship on this mutually satisfactory basis.

You understand that you will be receiving the benefits discussed in this Agreement as consideration for signing and returning the Agreement, by which you agree to terminate your relationship with Continental and to abide by the other obligations described herein. You also understand and agree by signing this Agreement that there are no other commitments, express or implied, by Continental or any of its affiliates other than those set forth in this Agreement.

I. Benefits

The benefits being offered to you are as follows:

1. Continental will pay you a lump sum amount equal to \$741,404 upon this Agreement becoming effective, enforceable and irrevocable in accordance with its terms on the Effective Date (as defined in Section V, paragraph 14 hereof).
2. For a period of two and one-half years following the Termination Date, you will continue in Continental's group insurance programs (including long-term disability insurance and group term life insurance at the normal rate - one-half current annual salary) or be provided substantially comparable benefits, unless you accept other employment that provides such comparable benefits. Your entitlement to benefit continuation pursuant to the Consolidated Omnibus Budget Reconciliation Act of 1985 shall commence at the end of such period.
3. For two and one-half years after the Termination Date, and subject to your surrender of all annual pass cards in your possession to Continental (in accordance with Section V, paragraph 12 hereof), you and your eligible family members shall be entitled to pass privileges on Continental Airlines of the same type and priority as you received prior to the Termination Date, subject to any changes in policy generally applicable to officers of Continental Airlines still in the employ thereof. Passes shall be issued upon individual requests directly to the Continental Airlines pass bureau.
4. Continental shall indemnify you against all losses, including legal fees and expenses, arising from claims against you in connection with your good-faith execution of your employment with Continental, to the fullest extent permitted by the General Corporation Law of the State of Delaware.

5. If you are liable for any excise tax imposed by Section 4999 of the Internal Revenue Code of 1986 with respect to any benefits received by you pursuant to this Agreement, Continental agrees to indemnify you for the amount of such excise tax (and any penalties associated therewith) and for the income, excise and employment taxes imposed on you with respect to any payment pursuant to this paragraph 5. If any claim for tax is asserted by any taxing authority against you that, if successful, would result in indemnification by Continental under this paragraph 5, you agree to promptly notify Continental in writing of such fact. You agree not to settle, compromise, abandon or pay any such claim without Continental's prior written consent. You agree that Continental will have the right to control all aspects of dealings with the Internal Revenue Service and any litigation related to such claim. If any such claim is made by any taxing authority, Continental agrees to prosecute any contest or settlement of such claim diligently.

6. Continental agrees to provide you with the outplacement services of Reedie & Co., Inc., on terms and conditions Continental usually provides to departing senior executives, for a period of up to six months from either the Termination Date or the date of the termination of your consulting arrangement with Continental, as you may elect.

II. Consulting Period from Termination Date Through August 1, 1995

During the consulting period from the Termination Date through August 1, 1995:

1. You will render consulting services to Continental. You will devote yourself substantially to the full-time performance of the duties requested of you by the executive officer to whom you reported immediately prior to the Termination Date.

2. You shall be paid semi-monthly in arrears at a per annum rate of \$350,000 through May 31, 1995. From June 1, 1995, through July 31, 1995, you shall be paid semi-monthly in arrears at a per annum rate of \$175,000.

3. You shall not be eligible for any bonus under any Continental bonus program currently in effect. You also waive the right to receive any future compensation which may be awarded to other executives of Continental on or after the Termination Date under any existing or new arrangements of Continental.

4. Continental will pay to you \$247,135 on the date that the final documents memorializing the GE and Boeing deals are executed, but in any event not later than May 31, 1995.

5. If the final documents memorializing the GE and Boeing deals are executed on or before August 1, 1995, you have the option to terminate your consulting arrangement with Continental upon the date of such execution (or any date thereafter prior to August 1, 1995), upon which termination you would cease to earn the amount which would otherwise be payable to you under Section II, paragraph 2 above.

6. Continental may terminate your employment and pay you no further amounts (other than amounts already accrued) under Section II, paragraph 2 above at any time as a result of your death, disability (resulting in your failure to perform your duties to Continental on a substantially full-time basis for over 60 days within any 120-day period) or your willful misconduct or gross neglect of duty.

III. Restrictive Covenants

All payments and benefits due to you hereunder shall be subject to your compliance with the following provisions during the period of your consulting arrangement with Continental and for a period ending one year after the termination of your consulting arrangement:

1. You shall, upon reasonable notice, furnish such information and proper assistance to Continental and its affiliates as may reasonably be required in connection with any litigation in which it or any of its affiliates is, or may become, a party.

2. You will not discuss with any other employee of Continental or its affiliates the formation or operations of any business intended to compete with Continental or its affiliates, or the possible future employment of such other employee by any business.

3. Any public statements made by you concerning Continental or its affiliates, officers, directors or employees shall be submitted for approval in writing from Continental's public relations and legal departments.

If you fail to comply with the above obligations, Continental may cease extending benefits to you and may recover by appropriate action instituted in any court of competent jurisdiction any severance payments made hereunder theretofore paid to you.

IV. General Release and Waiver

1. YOU AGREE TO RELEASE, REMISE, ACQUIT AND DISCHARGE CONTINENTAL AND ITS AFFILIATES AND ITS AND THEIR RESPECTIVE DIVISIONS, OFFICERS, DIRECTORS, CONTROLLING PERSONS, AGENTS, EMPLOYEES, CONSULTANTS, INDEPENDENT CONTRACTORS, ATTORNEYS, ADVISERS, SUCCESSORS AND ASSIGNS, JOINTLY AND SEVERALLY, FROM ANY AND ALL CLAIMS, KNOWN OR UNKNOWN, WHICH YOU, YOUR HEIRS, SUCCESSORS, OR ASSIGNS HAVE OR MAY HAVE AGAINST ANY OF SUCH PARTIES AND ANY AND ALL LIABILITY (INCLUDING ANY CLAIMS UNDER THE APRIL 16, 1993 EMPLOYMENT AGREEMENT) THAT ANY OF SUCH PARTIES MAY HAVE TO YOU WHETHER DENOMINATED CLAIMS, DEMANDS, CAUSES OF ACTION, OBLIGATIONS, DAMAGES OR LIABILITIES ARISING FROM ANY AND ALL BASES, HOWEVER DENOMINATED, INCLUDING BUT NOT LIMITED TO CLAIMS OF DISCRIMINATION UNDER THE U.S. AGE DISCRIMINATION IN EMPLOYMENT ACT, TITLE VII OF THE UNITED STATES CIVIL RIGHTS ACT OF 1964, 42 U.S.C. PARAGRAPH 1981, V.T.C.A., LABOR CODE PARAGRAPH 21.051(1) OR ANY OTHER TEXAS LAW, OR ANY OTHER U.S. FEDERAL, STATE, OR LOCAL LAW OR ANY OTHER LAW, RULE, OR REGULATION OR WORKERS' COMPENSATION OR DISABILITY CLAIMS UNDER ANY SUCH LAWS. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THIS RELEASE IS NOT INTENDED TO INTERFERE WITH YOUR RIGHT TO FILE A CHARGE WITH THE U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION IN CONNECTION WITH ANY CLAIM YOU BELIEVE YOU MAY HAVE AGAINST CONTINENTAL OR ANY OF ITS AFFILIATES. HOWEVER, BY SIGNING AND RETURNING THIS AGREEMENT, YOU AGREE TO WAIVE THE RIGHT TO RECOVER IN ANY PROCEEDING YOU MAY BRING BEFORE THE U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION OR IN ANY PROCEEDING BROUGHT BY THE U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION ON YOUR BEHALF. THIS RELEASE RELATES TO CLAIMS ARISING FROM AND DURING YOUR RELATIONSHIP WITH CONTINENTAL AND ITS AFFILIATES, OR AS A RESULT OF THE TERMINATION OF SUCH RELATIONSHIP. THIS RELEASE IS FOR ANY RELIEF, NO MATTER HOW DENOMINATED, INCLUDING BUT NOT LIMITED TO WAGES, BACK PAY, FRONT PAY, COMPENSATORY DAMAGES OR PUNITIVE DAMAGES. YOU FURTHER AGREE THAT YOU WILL NOT FILE OR PERMIT TO BE FILED ON YOUR BEHALF ANY SUCH CLAIM. THIS RELEASE SHALL NOT APPLY TO THE OBLIGATIONS SET FORTH IN THIS AGREEMENT (INCLUDING, WITHOUT LIMITATION, THE INDEMNIFICATION FOUND IN SECTION I, PARAGRAPH 4) OR ANY OTHER CLAIMS THAT MAY ARISE AFTER THE DATE ON WHICH YOU SIGN THIS AGREEMENT.

2. YOU EXPRESSLY ACKNOWLEDGE THAT THE BENEFITS BEING OFFERED TO YOU HEREBY CONSTITUTE VALUABLE CONSIDERATION FOR THE FOREGOING GENERAL RELEASE AND WAIVER.

V. General Provisions

1. No Admission. This Agreement does not constitute an admission of liability of any kind by Continental or any of its affiliates.

2. Assigns. (a) This Agreement is personal to you and, without the prior written consent of the Board of Directors of Continental, shall not be assignable by you otherwise than by will or the laws of descent and distribution.

(b) The terms of this Agreement shall be binding and inure to the benefit of Continental and its affiliates and their respective successors and assigns.

3. Entire Agreement. This Agreement constitutes the entire understanding between you and Continental and its affiliates with respect to the subject matter hereof, and supersedes all prior understandings, written or oral. The terms of this Agreement may be changed, modified or discharged only by an instrument in writing signed by the parties hereto.

4. Governing Law. This Agreement shall be construed, enforced and interpreted in accordance with applicable Federal law and the laws of the State of Texas without reference to its principles of conflicts of law. The parties hereto agree that in the event either party brings an action or proceeding to enforce such party's rights under this Agreement, the prevailing party in such action or proceeding shall be entitled to receive from the other party an amount equal to the prevailing party's reasonable attorney's fees and expenses incurred as a result of such action or proceeding.

5. Taxes. All payments hereunder shall be subject to, and reduced by, any applicable withholding taxes. Continental believes that you are not subject to any excise tax under Section 4999 of the Internal Revenue Code of 1986 with respect to any amounts payable hereunder. If any claim for tax is asserted by any taxing authority against you that, if successful, would result in indemnification by Continental under Section I, paragraph 5, Continental agrees to prosecute any contest or settlement of such claim diligently. You agree not to file any returns or reports, or otherwise take any positions, with applicable taxing authorities that are inconsistent with that belief. The obligations of Continental pursuant to this Agreement are conditioned on your compliance with the preceding sentence.

6. Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be original.

7. Right to Contract. You represent and warrant to Continental and its affiliates that you have no obligation to any other person or entity that would affect or conflict with any of your obligations hereunder, and that the complete performance of your obligations hereunder will not

violate any contract by which you are bound.

8. Enforceability. The failure of either party at any time to enforce any of the provisions of this Agreement or to require performance by the other party of any provision hereof shall not be construed to be a waiver of such provisions or to affect the validity of this Agreement, or of any part hereof, or of the right of either party thereafter to enforce each and every provision of this Agreement in accordance with its terms.

9. Confidentiality. You shall treat this Agreement as confidential and will not disclose its existence or contents except as may be required by applicable law.

10. Notices. Written notices required or furnished under this Agreement shall be sent to the following addresses:

to Continental: Continental Airlines, Inc.
2929 Allen Parkway, Suite 2010
Houston, Texas 77019
Attention: Corporate Secretary

to you: Mr. John E. Luth
Information to be treated confidentially
by Continental Airlines, Inc.

Notices shall be effective on the first business day following receipt thereof. Notices sent by mail shall be deemed received on the date of delivery shown on the return receipt.

11. Severability. If any provision of this Agreement is determined to be so broad as to be unenforceable, such provision shall be interpreted to be only so broad as is enforceable. The unenforceability or invalidity or any provision of this Agreement, or any part thereof, shall not render any other provision of this Agreement invalid or unenforceable.

12. Return of Property. Except as is otherwise specifically provided in this Agreement, upon your Termination Date (or, if necessary, upon the termination of your consulting arrangement with Continental), you will return to Continental and its affiliates, immediately, any personal property of Continental and its affiliates such as keys, company credit cards and any annual pass cards. You shall not charge any additional amounts on any company credit card.

13. Payments. The payments made to you hereunder will not constitute compensation for any purpose under any retirement, profit-sharing, pension, stock bonus or similar plan or arrangement maintained by Continental or any of its affiliates.

14. Knowing and Voluntary Waiver; Right to Consider and Revoke. (a) You understand that you may consider whether to agree to the terms contained herein for a period of twenty-one days after the date hereof. Accordingly, you may sign and return this Agreement by April 20, 1995 to acknowledge your understanding of and agreement with the foregoing. Prior to your signing this Agreement, you are advised to consult with an attorney.

(b) This Agreement will become effective, enforceable and irrevocable seven days after the date on which you sign it (the "Effective Date"). During the seven-day period prior to the Effective Date, you may revoke your agreement to accept the terms hereof by indicating in writing to Continental your intention to revoke. Of course, if you exercise your right to revoke hereunder, you will forfeit your right to receive of the benefits offered to you under this Agreement.

Very truly yours,

CONTINENTAL AIRLINES, INC.

Date: March 31, 1995

By: /s/ Gordon M. Bethune
Gordon M. Bethune
President and
Chief Executive Officer

Acknowledged and Accepted:

/s/ John E. Luth
John E. Luth

Date: March 30, 1995

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT dated as of May 24, 1993 is entered into by and between CONTINENTAL AIRLINES, INC. (the "Company"), a Delaware corporation, and DONALD G. VALENTINE, (the "Executive"). The Company and the Executive are referred to herein individually as a "Party" and collectively as the "Parties".

The Company wishes to assure itself of the continued services of the Executive, and the Executive is willing to continue employment with the Company on a full-time basis, and upon the other terms and conditions hereinafter provided.

In consideration of the mutual covenants contained herein, the Parties agree as follows:

1. Employment - The Company agrees to employ the Executive, and the Executive agrees to remain in the employ of the Company under the terms and conditions herein provided.

2. Position - During his employment hereunder, the Executive agrees to serve the Company and the Company shall employ the Executive in such capacity or capacities as may be specified from time to time by the Board of Directors of the Company, subject to the provisions of Section 5(a)(ii) hereof and that such Executive shall not be required to work at a location other than one within the contiguous 48 states of the United States of America.

3. Term - The Executive's employment shall be one at will, to-wit: either the Executive or the Company shall have the right to terminate it at any time, with or without cause, and without any liability or obligation of either Party to the other except as may be expressly specified in this Agreement.

4. Compensation - The Company will pay the Executive a base salary at an initial annual rate of \$325,000, payable in substantially equal semi-monthly installments. During his employment with the Company, the Executive's salary shall be reviewed periodically in accordance with Company policy and such review may result in an increase in said salary which such amount shall be substituted for the specified amount set forth in this Section.

5. Termination of Employment -

(a) A "Termination of Employment" shall be defined as any one of the following: (i) the termination of the Executive's employment by the Company for any reason other than (A) willful misconduct or gross neglect of duty by the Executive, (B) retirement under the ordinary retirement program of the Company, (C) disability of the Executive resulting in compensated absence from his duties to the Company on a full-time basis for over 180 days or (D) death of the Executive; (ii) the termination of the Executive's employment by the Executive after providing the Company with ten business days' prior written notice that the executive is terminating employment because of (A) a material reduction in the responsibilities or title of the Executive or the corporate amenities to which he was entitled immediately prior thereto or (B) a reduction of the Executive's cash compensation by more than 10% below the highest annual salary from time to time in effect for the Executive; provided, however, that no Termination of Employment shall occur pursuant to the preceding clause (ii) if the circumstances described in the preceding clauses (ii)(A) and (ii)(B) are corrected prior to the expiration of ten business days from the date the Executive provided notice to the Company of his intent to terminate employment.

(b) Upon a Termination of Employment, or upon the expiration of long term disability insurance benefits (prior to the Executive's regular retirement date) while Executive remains disabled, the Company will pay the Executive, (subject to the provisions of Section 9 hereof) as severance pay or liquidated damages, or both, a lump sum amount equal to (i) 200% of his then current Annual Compensation from the Company; plus, (ii) that amount due to such Executive under his previous Employment Agreement due to 1992 pay reduction in excess of ten percent of Executive's stated compensation under such previous Employment Agreement; plus, (iii) that cumulated amount of pay reductions permitted by Section 5(f) hereof in excess of 10% of the Executive's annual base salary set forth in Section 4 of this Agreement, from the date of this Agreement until the date of Termination of Employment. "Annual Compensation" shall mean: Annualized rate of pay as set forth in Section 4 hereof plus a Deemed Annual Bonus. "Deemed Annual Bonus" shall be 25% of the amount set forth in Section 4 hereof.

(c) Executive shall be under no obligation to mitigate damage to the Company hereunder and no future earnings by Executive from any source shall be payable to the Company or be subject to offset pursuant to this Agreement.

(d) For a period of two and one-half years following Termination of Employment, the Executive shall continue in the Company's group insurance programs, including long-term disability insurance (or be provided substantially comparable benefits), provided he has not accepted other employment that provides comparable benefits. The Executive's entitlement to benefit continuation pursuant to the Consolidated Omnibus Budget Reconciliation Act shall commence at the end of such period.

(e) For two and one-half years following Termination of Employment, and provided all annual pass cards in the possession of the Executive have been surrendered to the Company, the Executive and his eligible family members shall be entitled to pass privileges on Continental Airlines of the same type and priority as the Executive received prior to the Termination of Employment, subject to any changes in policy generally applicable to officers of Continental Airlines still in the employ thereof. Passes shall be issued upon individual requests directly to the Continental Airlines pass bureau.

(f) The Company shall be entitled to continue pay reductions in effect on the date of this Agreement for so long as, and to the extent that, such pay reductions are in effect for the Company's work force in general. Such continuation of previous pay reductions shall not constitute a violation of Section 5(a)(ii)(B) hereof.

6. Indemnification - The Company shall indemnify the Executive against all losses, including legal fees and expenses, arising from claims against the Executive in connection with the Executive's good-faith execution of his employment hereunder, to the fullest extent permitted by the Corporation Code of the State of Delaware.

7. Tax Indemnity - The Company shall indemnify Executive on a fully grossed-up after-tax basis against any tax liability (including, without limitation, excise taxes incurred pursuant to IRC Paragraph 4999) resulting from the payment of severance or the provision of other benefits following Termination of Employment pursuant to this Agreement, to the extent that Executive's tax payments are at a higher percentage of total income than they would have been absent such payment of severance or provision of benefits.

8. Life Insurance - The Company shall maintain life insurance for the Executive in the amount of the severance payable to Executive pursuant to Section 5 hereof. In the absence of such life insurance, the Company shall pay Executive's beneficiary or beneficiaries an amount equal to such severance in the event of the death of Executive while employed by the Company. The Company shall hold the Executive harmless from any tax liability accruing to Executive as a result of the purchase of such insurance, and likewise shall hold Executive's estate, heirs and assigns harmless from any tax liability accruing because of the failure to maintain such insurance.

9. Post-Termination Obligations - All payments and benefits due to the Executive hereunder shall be subject to the Executive's compliance with the following provisions during the applicability of this Agreement and for one full year after the expiration or termination hereof:

(a) The Executive shall, upon reasonable notice, furnish such information and proper assistance to the Company and its affiliates as may reasonably be required in connection with any litigation in which it or any of its affiliates is, or may become, a party.

(b) The Executive will not discuss with any other employee of the Company or its affiliates the formation or operations of any business intended to compete with the Company or its affiliates, or the possible future employment of such other employee by any business.

(c) Any public statements made by the Executive concerning the Company or its affiliates, officers, directors or employees shall be submitted for approval in writing from the Company's public relations and legal departments.

If the Executive fails to comply with the above obligations, the Company may cease extending benefits to the Executive and may recover by appropriate action instituted in any court of competent jurisdiction any severance payments theretofore paid to the Executive.

10. Consolidation, Merger, Sale of Assets - This Agreement shall be binding upon and inure to the benefit of the Executive and the Company and its successors and assigns, including without limitation any corporation with or into which the Company may be consolidated or merged or to which the Company sells or transfers all or substantially all of its assets.

11. Notices - Written notices required or furnished under this Agreement shall be sent to the following addresses:

to the Company: Continental Airlines, Inc.
2929 Allen Parkway, Suite 2010
Houston, Texas 77019
Attention: Corporate Secretary

to the Executive:

Information to be treated
confidentially by
Continental Airlines, Inc.

Notices shall be effective on the first business day following receipt thereof. Notices sent by mail shall be deemed received on the date of delivery shown on the return receipt.

12. Amendments - This Agreement may not be amended or changed, orally or in writing except by the written agreement of the Parties.

13. Governing Law - This Agreement and any dispute arising under or relating to any provision of this Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

14. Confidentiality - Except as provided by law, all information provided by either Party to the other hereunder, including the terms and conditions of the Agreement, shall be treated by the Party receiving such information as confidential, and shall not be disclosed by such Party to any party without the prior written consent of the Party from which the information was obtained. This obligation of confidentiality shall survive termination of this Agreement.

15. Severability - If any one or more of the provisions contained in this Agreement are held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

16. Previous Agreements - This Agreement, once it becomes effective and enforceable, will replace and supersede any and all previous employment agreements, either written or verbal, between the Parties. The Company will, however, remain obligated to make the payment specified in Section 5(b)(ii) hereof in the event of a Termination of Employment, and will remain obligated on its commitment to indemnify the Executive pursuant to Executive's previous employment agreement with the Company affirmed by order of the Delaware Bankruptcy Court dated August 21, 1991.

17. Captions - All Section titles or captions in this Agreement are for convenience only and shall not be deemed as part of this Agreement.

The parties hereto have executed this Agreement as of the dated and year first above written.

CONTINENTAL AIRLINES, INC.
(The Company)

By /s/ Robert R. Ferguson III

/s/ Donald G. Valentine
DONALD G. VALENTINE ("Executive")

Exhibit 10.11(a)

Supplemental Agreement No. 6

to

Purchase Agreement No. 1782

between

The Boeing Company

and

Continental Airlines Inc.

Relating to Boeing Model 737-524 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of March 31, 1995 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. 1782 dated March 18, 1993, as amended and supplemented, relating to Boeing Model 737-524 aircraft (the Agreement); and

WHEREAS, Boeing has offered, at Buyer's request, to reschedule delivery of Aircraft (Rescheduled Aircraft), currently scheduled to deliver to Buyer starting in 1996, to 1998 and later subject to certain terms and conditions; and

WHEREAS, Buyer has accepted Boeing's offer, and agreed to incorporate the terms and conditions of the accepted proposal in the Agreement; and

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

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

1. Table of Contents and Articles:

1.1 Remove and replace, in its entirety, the Table of Contents with a new Table of Contents (attached hereto) to reflect amendment of the Agreement.

1.2 Remove and replace, in its entirety, Article 2, Delivery, Title and Risk of Loss, with new Article 2 (attached hereto) to incorporate the delivery schedule for the Rescheduled Aircraft.

1.3 Remove and replace, in its entirety, Article 3, Price of Aircraft, with new Article 3 (attached hereto) to incorporate revised Advance Payment Base Prices for the Rescheduled Aircraft.

1.4 Remove and replace, in its entirety, Article 7, Changes to the Detail Specification, with new Article 7 (attached hereto). Article 7.2, Program Changes, has been deleted and replaced with new Article 7.2, Change Orders.

1.5 Remove and replace, in its entirety, the Schedule for Delivery of Model 737-524 Aircraft following Article 15, with a revised schedule (attached hereto) to incorporate the Rescheduled Aircraft and update information relating to previously delivered Aircraft.

2. Exhibit D:

2.1 Remove and replace Pages D-1 through D-4 of Exhibit D, Price Adjustment Due to Economic Fluctuations Airframe Price Adjustment (1992 Base Price), with new Pages D-1 through D-4 (attached hereto) to incorporate a revised schedule for the Rescheduled Aircraft.

3. Letter Agreements:

3.1 Delete, in its entirety, Letter Agreement 1782-3, Option Aircraft, relating to the Option Aircraft.

[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 and as so supplemented will continue in full force and effect.

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

THE BOEING COMPANY CONTINENTAL AIRLINES INC.

By: /s/ RICHARD G. PLANK By: /s/ JOHN LUTH

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

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

Supplemental Agreements	Dated as of
Supplemental Agreement No. 1	April 29, 1993
Supplemental Agreement No. 2	November 4, 1993
Supplemental Agreement No. 3	December 23, 1993
Supplemental Agreement No. 4	April 1, 1994
Supplemental Agreement No. 5	July 1, 1994
Supplemental Agreement No. 6	March 31, 1995

ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

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

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. Boeing will give Buyer at least 7 days' notice of the delivery date of the Aircraft. If an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at a facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Documents of Title. Upon delivery of and payment for each Aircraft, Boeing shall deliver to Buyer a bill of sale duly conveying to Buyer good title to such Aircraft free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

2.7 Aircraft Delivery Schedule. The Schedule for Delivery of Model 737-524 Aircraft, following Article 15, is a delivery schedule, sorted by month and year of delivery, for the Aircraft.

ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features listed in Exhibit A which have been selected by Buyer.

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

3.1.3 Engine Price is the price established by the En-

gine manufacturer for the Engines installed on the Aircraft including all accessories, equipment and parts set forth in Exhibit D.

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

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

3.1.6 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.1.7 Price First Published is the first price published by Boeing for the same model of aircraft to be delivered in the same general time period as the affected Aircraft and is used to establish the Base Airframe Price when the Base Airframe Price was not established at the time of execution of this Agreement.

3.2 Aircraft Basic Price.

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

3.3 Aircraft Price.

3.3.1 Block A Aircraft. The Aircraft Price of the Block A Aircraft will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1.1

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

plus

3.3.1.2

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

plus

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

3.3.2 Block B Aircraft. The Aircraft Price of the Block B Aircraft will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.2.1

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

plus

3.3.2.2

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

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

3.3.3 Block C Aircraft. The Aircraft Price of the Block C Aircraft will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.3.1

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

3.3.3.2

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

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

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price.

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

3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft. For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of the first Aircraft scheduled for delivery in a calendar year (First Aircraft), Boeing will increase or decrease the Advance Payment Base Price of the First Aircraft and all Aircraft scheduled for delivery after the First Aircraft as required to reflect the effects of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

ARTICLE 7.

Changes to the Detail Specification.

7.1 Development Changes. Boeing may, at its own expense and without Buyer's consent, incorporate Development Changes in the Detail Specification and the Aircraft prior to delivery to Buyer. Development Changes are defined as changes to the basic specification for Model - 737-500 aircraft that neither affect the Aircraft Purchase Price nor adversely affect Aircraft delivery, guaranteed weight, guaranteed performance or compliance with the interchangeability or replaceability requirements set forth in the Detail Specification. Development Changes are changes deemed necessary to correct defects, prevent delay or ensure compliance with this Agreement. If Boeing makes changes pursuant to this paragraph, Boeing will promptly notify Buyer of such changes.

7.2 Change Orders. The Detail Specification and associated provisions of this Agreement may be amended by Change Order or other written agreement, which will state the particular changes to be made and any effect on design, performance, weight, balance, time of delivery, Aircraft Basic Price and Advance Payment Base Price.

Continental Airlines, Inc.
Delivery Schedule for Model 737-524 Aircraft

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

PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
(1992 Base Price)

(Relating to Block A, B and C Aircraft)

1. Formula.

The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (P)(L + M - 1)$$

Where:

Pa = Airframe Price Adjustment.

$$L = .65 \times \frac{ECI}{116.2}$$

$$M = .35 \times \frac{ICI}{115.9}$$

P = Aircraft Basic Price (as set forth in Article 3.2 of this Agreement) less the base price

of Engines (as defined in this Exhibit D) in the amount of:

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

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

ECI = A value using the "Employment Cost Index for workers in aerospace manufacturing" (aircraft manufacturing, standard industrial classification code 3721, compensation, base month and year June 1989 = 100), as released by the Bureau of Labor Statistics, U.S. Department of Labor on a quarterly basis for the months of March, June, September and December, calculated as follows: A three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) will be determined using the months set forth in the table below for the applicable Aircraft, with the released Employment Cost Index value described above for the month of March also being used for the months of January and February; the value for June also used for April and May; the value for September also used for July and August; and the value for December also used for October and November.

ICI = The three-month arithmetic average of the released monthly values for the Industrial Commodities Index as set forth in the "Producer Prices and Price Index" (Base Year 1982 = 100) as released by the Bureau of Labor Statistics, U.S. Department of Labor values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

In determining the value of L, the ratio of ECI divided by 116.2 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .65 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

In determining the value of M, the ratio of ICI divided by 115.9 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .35 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

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

The following definitions of B and D will apply:

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

2. If at the time of delivery of an Aircraft Boeing is unable to determine the Airframe Price Adjustment because the applicable values to be used to determine the ECI and ICI have not been released by the Bureau of Labor Statistics, then:

2.1 The Airframe Price Adjustment, to be used at the time of delivery of each of the Aircraft, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled month of Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph 2.2 below will apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the base year for determination of the ECI or ICI values as defined above, such rebased values will be incorporated in the Airframe Price Adjustment calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, will be deemed to be the payment for such Aircraft required

at the delivery thereof.

2.2 If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Aircraft Airframe Price Adjustment, the parties will, prior to delivery of any such Aircraft, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revision of the formula will be made as required to reflect any substitute values. However, if within 24 months from delivery of the Aircraft the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected Aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February, 1992, which is consistent with the applicable provisions of paragraph 1 of this Exhibit D.

2.4 If required, Boeing will submit either a supplemental invoice or refund the amounts due Buyer as appropriate to reflect any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft. Any payments due Boeing or Buyer will be made with reasonable promptness.

3. For the calculations herein, the values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled month of Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment.

Note: Any rounding of a number, as required under this Exhibit D with respect to escalation of the airframe price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

6-1162-WLJ-366R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-366R1 to
Purchase Agreement No. 1782 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1782 dated March 18, 1993 as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC., (Buyer) relating to Model 737-524 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-366 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-374R1

CONTINENTAL AIRLINES, INC.

2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-374R1 to
Purchase Agreement No. 1782 -

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

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1782 dated March 18, 1993, as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC., (Buyer) relating to Model 737-524 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-374 is hereby cancelled and superceded.

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

1. Boeing and Buyer each understand that certain commercial and financial information contained in the documents listed below (Confidential Documents) is considered by the other party to be confidential.
2. Boeing and Buyer agree that each party will treat the Confidential Documents and the information contained therein as confidential and will not, without the other party's prior written consent, disclose such Confidential Documents or any information contained therein to any other person or entity except as may be required by (i) applicable law or governmental regulations; or (ii) for financing the Aircraft in accordance with the provisions of Article 10 of the Agreement.
3. In connection with Buyer's disclosure or filing of Confidential Documents, or the information contained therein pursuant to any such applicable law or governmental regulation, Buyer will request and use its best reasonable efforts to obtain confidential treatment of such Confidential Documents and the information contained therein. Boeing agrees to cooperate with Buyer in making and supporting its request for confidential treatment.

Schedule of Confidential Documents

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO as of this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-377R1

CONTINENTAL AIRLINES, INC.

2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-377R1 to
Purchase Agreement No. 1782 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPA-
RATELY WITH THE SECURITIES AND EXCHANGE COMMIS-
SION PURSUANT TO A REQUEST FOR CONFIDENTIAL TRE-
ATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1782 dated March 18, 1993, as amended and supplemented, (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC., (Buyer) relating to Model 737-524 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-377 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-383R1

Continental Airlines, Inc.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-383R1 to
Purchase Agreement No. 1782 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY
WITH THE SECURITIES AND EXCHANGE COMMISSION PURSU-
ANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1782 dated March 18, 1993, as amended and supplemented, (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC., (Buyer) relating to Model 737-524 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-383 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31, 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-RGP-946

Continental Airlines, Inc.
2929 Allen Parkway
Houston, TX 77019

Subject: Letter Agreement No. 6-1162-RGP-946 to
Purchase Agreements No. 1782, 1783, 1784 and
1785 - [CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COM-
MISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL
TREATMENT]

Gentlemen:

Reference is made to the following Purchase Agreements, each dated March 18, 1993, as amended and supplemented (the Purchase Agreements) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer): Purchase Agreement 1782 relating to model 737-524 Aircraft; Purchase Agreement 1783 relating to model 757-224 Aircraft; Purchase Agreement 1784 relating to model 767-324ER Aircraft; and Purchase Agreement 1785 relating to model 777-224 Aircraft. The Aircraft rescheduled for delivery to Buyer in 1998 and later are sometimes hereinafter referred to as the Rescheduled Aircraft.

This letter, when accepted by Buyer, will become part of the Purchase Agreements and will evidence our further agreement with respect to the matters set forth below.

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

Purchase Agreements.

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

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

Very truly yours,

THE BOEING COMPANY

By /s/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

Attachment A to 6-1162-RGP-946

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

Exhibit 10.12(a)

Supplemental Agreement No. 4

to

Purchase Agreement No. 1783

between

The Boeing Company

and

Continental Airlines Inc.

Relating to Boeing Model 757-224 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of March ___, 1995 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. 1783 dated March 18, 1993, as amended and supplemented, relating to Boeing Model 757-224 aircraft (the Agreement); and

WHEREAS, Boeing has offered, at Buyer's request, to reschedule delivery of Aircraft (Rescheduled Aircraft), currently scheduled to deliver to Buyer starting in February, 1996, to 1998 and later, and delete the Option Aircraft from the Agreement, subject to certain terms and conditions; and

WHEREAS, Buyer has accepted Boeing's offer, and agreed to incorporate the terms and conditions of the accepted proposal in the Agreement; and

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

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

1. Table of Contents and Articles:

1.1 Remove and replace, in its entirety, the Table of Contents with a new Table of Contents (attached hereto) to reflect amendment of the Agreement.

1.2 Remove and replace, in its entirety, Article 2, Delivery, Title and Risk of Loss, with new Article 2 (attached hereto) to incorporate the delivery schedule for the Rescheduled Aircraft and add new Article 2.7, Aircraft Delivery Schedule, to incorporate Schedule for Delivery of Model 757-224 Aircraft.

1.3 Remove and replace, in its entirety, Article 3, Price of Aircraft, with new Article 3 (attached hereto) to incorporate revised Advance Payment Base Prices for the Rescheduled Aircraft.

1.4 Remove and replace, in its entirety, Article 7, Changes to the Detail Specification, with new Article 7 (attached hereto). Article 7.2, Program Changes, has been deleted and replaced with new Article 7.2, Change Orders.

1.5 Add a Schedule for Delivery of Model 757-224 Aircraft following Article 15, (attached hereto) to incorporate the Rescheduled Aircraft and add information relating to previously delivered Aircraft.

2. Exhibit D:

2.1 Remove and replace Pages D-1 through D-4 of Exhibit D, Price Adjustment Due to Economic Fluctuations Airframe Price Adjustment (1992 Base Price), with new Pages D-1 through D-4 (attached hereto) to incorporate a revised

schedule for the Rescheduled Aircraft.

3. Letter Agreements:

3.1 Delete, in its entirety, Letter Agreement 1783-3, Option Aircraft, in response to Buyer's request to terminate its options to purchase additional Model 757-224 Aircraft.

[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 and as so supplemented will continue in full force and effect.

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

THE BOEING COMPANY Continental Airlines Inc.

By: /s/ RICHARD G. PLANK By: /s/ JOHN LUTH

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

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Schedule for Delivery of Model 757-224 Aircraft

EXHIBITS

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

SUPPLEMENTAL AGREEMENTS	Dated as of:
Supplemental Agreement No. 1	April 29, 1993
Supplemental Agreement No. 2	November 4, 1993
Supplemental Agreement No. 3	July 15, 1994
Supplemental Agreement No. 4	March 31, 1995

ARTICLE 2. Delivery, Title and Risk of Loss.

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

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. Boeing will give Buyer at least 7 days' notice of the delivery date of the Aircraft. If an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at a facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Documents of Title. Upon delivery of and payment for each Aircraft, Boeing shall deliver to Buyer a bill of sale duly conveying to Buyer good title to such Aircraft free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features listed in Exhibit A which have been selected by Buyer.

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

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

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

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

3.1.6 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.1.7 Price First Published is the first price published by Boeing for the same model of aircraft to be delivered in the same general time period as the affected Aircraft and is used to establish the Base Airframe Price when the Base Airframe Price was not established at the time of execution of this Agreement.

3.2 Aircraft Basic Price.

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

3.3 Aircraft Price.

3.3.1 Block A Aircraft. The Aircraft Price of the Block A Aircraft will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1.1

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

plus

3.3.1.2

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

plus

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

3.4 Advance Payment Base Price.

3.4.1 Advance Payment Base Price.

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

3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft. For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of the first Aircraft scheduled for delivery in a calendar year (First Aircraft), Boeing will increase or decrease the Advance Payment Base Price of the First Aircraft and all Aircraft scheduled for delivery after the First Aircraft as required to reflect the effects of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

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

ARTICLE 7. Changes to the Detail Specification.

7.1 Development Changes. Boeing may, at its own expense and without Buyer's consent, incorporate Development Changes in the Detail Specification and the Aircraft prior to delivery to Buyer. Development Changes are defined as changes to the basic specification for Model 757-200 aircraft that neither affect the Aircraft Purchase Price nor adversely affect Aircraft delivery, guaranteed weight, guaranteed performance or compliance with the interchangeability or replaceability requirements set forth in the Detail Specification. Development Changes are changes deemed necessary to correct defects, prevent delay or ensure compliance with this Agreement. If Boeing makes changes pursuant to this paragraph, Boeing will promptly notify Buyer of such changes.

7.2 Change Orders. The Detail Specification and associated provisions of this Agreement may be amended by Change Order or other written agreement, which will state the particular changes to be made and any effect on design, performance, weight, balance, time of delivery, Aircraft Basic Price and Advance Payment Base Price.

Continental Airlines, Inc.
Delivery Schedule for Model 757-224 Aircraft

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

PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
(1992 Base Price)

(Relating to Block A Aircraft)

1. Formula.

The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (P)(L + M - 1)$$

Where:

Pa = Airframe Price Adjustment.

$$L = .65 \times \frac{ECI}{116.2}$$

$$M = .35 \times \frac{ICI}{115.9}$$

P = Aircraft Basic Price (as set forth in Article 3.2 of this Agreement) less the base price of Engines (as defined in this Exhibit D) in the amount of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

ECI = A value using the "Employment Cost Index for workers in aerospace manufacturing" (aircraft manufacturing, standard industrial classification code 3721, compensation, base month and year June 1989 = 100), as released by the Bureau of Labor Statistics, U.S. Department of Labor on a quarterly basis for the months of March, June, September and December, calculated as follows: A three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) will be determined using the months set forth in the table below for the applicable Aircraft, with the released Employment Cost Index value described above for the month of March also being used for the months of January and February; the value for June also used for April and May; the value for September also used for July and August; and the value for December also used for October and November.

ICI = The three-month arithmetic average of the released monthly values for the Industrial Commodities Index as set forth in the "Producer Prices and Price Index" (Base Year 1982 = 100) as released by the Bureau of Labor Statistics, U.S. Department of Labor values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

In determining the value of L, the ratio of ECI divided by 116.2 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .65 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

In determining the value of M, the ratio of ICI divided by 115.9 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .35 with the resulting value also expressed as a decimal and rounded

to the nearest ten-thousandth.

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

The following definitions of B and D will apply:

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

2. If at the time of delivery of an Aircraft Boeing is unable to determine the Airframe Price Adjustment because the applicable values to be used to determine the ECI and ICI have not been released by the Bureau of Labor Statistics, then:

2.1 The Airframe Price Adjustment, to be used at the time of delivery of each of the Aircraft, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled month of Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph 2.2 below will apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the base year for determination of the ECI or ICI values as defined above, such rebased values will be incorporated in the Airframe Price Adjustment calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, will be deemed to be the payment for such Aircraft required at the delivery thereof.

2.2 If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Aircraft Airframe Price Adjustment, the parties will, prior to delivery of any such Aircraft, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revision of the formula will be made as required to reflect any substitute values. However, if within 24 months from delivery of the Aircraft the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected Aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February, 1992, which is consistent with the applicable provisions of paragraph 1 of this Exhibit D.

2.4 If required, Boeing will submit either a supplemental invoice or refund the amounts due Buyer as appropriate to reflect any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft. Any payments due Boeing or Buyer will be made with reasonable promptness.

3. For the calculations herein, the values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled month of Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment.

Note: Any rounding of a number, as required under this

Exhibit D with respect to escalation of the airframe price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

6-1162-WLJ-367R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-367R1 to
Purchase Agreement No. 1783 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1783 dated March 18, 1993 as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer) relating to Model 757-224 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-367 is hereby cancelled and superceded.

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

1. Boeing and Buyer each understand that certain commercial and financial information contained in the documents listed below (Confidential Documents) is considered by the other party to be confidential.

2. Boeing and Buyer agree that each party will treat the Confidential Documents and the information contained therein as confidential and will not, without the other party's prior written consent, disclose such Confidential Documents or any information contained therein to any other person or entity except as may be required by (i) applicable law or governmental regulations; or (ii) for financing the Aircraft in accordance with the provisions of Article 10 of the Agreement.

3. In connection with any such disclosure or filing of the Confidential Documents, or the information contained therein pursuant to any such applicable law or governmental regulation, Buyer will request and use its best reasonable efforts to obtain confidential treatment of such Confidential Documents and the information contained therein. Boeing agrees to cooperate with Buyer in making and supporting its request for confidential treatment.

Schedule of Confidential Documents

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31, 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-375R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-375R1 to
Purchase Agreement No. 1783 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1783 dated March 18, 1993 (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer) relating to twenty-five (25) firm and twenty-five (25) option Model 757-224 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-375 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31, 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-391R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-391R1 to
Purchase Agreement No. 1783 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1783 dated March 18, 1993 as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer) relating to Model 757-224 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-391 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-RGP-946

Continental Airlines, Inc.
2929 Allen Parkway
Houston, TX 77019

Subject: Letter Agreement No. 6-1162-RGP-946 to Purchase Agreements No. 1782, 1783, 1784 and 1785 - [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

Reference is made to the following Purchase Agreements, each dated March 18, 1993, as amended and supplemented (the Purchase Agreements) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer): Purchase Agreement 1782 relating to model 737-524 Aircraft; Purchase Agreement 1783 relating to model 757-224 Aircraft; Purchase 1784 relating to model 767-324ER Aircraft; and Purchase Agreement 1785 relating to model 777-224 Aircraft. The Aircraft rescheduled for delivery to Buyer in 1998 and later are sometimes hereinafter referred to as the Rescheduled Aircraft.

This letter, when accepted by Buyer, will become part of the Purchase Agreements and will evidence our further agreement with respect to the matters set forth below.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

Attachment A to 6-1162-RGP-946

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

Exhibit 10.13(a)

Supplemental Agreement No. 3

to

Purchase Agreement No. 1784

between

The Boeing Company

and

Continental Airlines Inc.

Relating to Boeing Model 767-324ER Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of March 31, 1995 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. 1784 dated March 18, 1993, as amended and supplemented, relating to Boeing Model 767-324ER aircraft (the Agreement); and

WHEREAS, Boeing has offered, at Buyer's request, to reschedule delivery of twelve (12) Aircraft (Rescheduled Aircraft), currently scheduled to deliver to Buyer starting in 1995, to 1998 and later, and delete the Option Aircraft from the Agreement, subject to certain terms and conditions; and

WHEREAS, Buyer has accepted Boeing's offer, and agreed to incorporate the terms and conditions of the accepted proposal in the Agreement; and

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

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

1. Table of Contents and Articles:

1.1 Remove and replace, in its entirety, the Table of Contents with a new Table of Contents (attached hereto) to reflect amendment of the Agreement.

1.2 Remove and replace, in its entirety, Article 2, Delivery, Title and Risk of Loss, with new Article 2 (attached hereto) to incorporate the delivery schedule for the Rescheduled Aircraft and add new Article 2.7, Aircraft Delivery Schedule, to incorporate Schedule for Delivery of Model 767-324ER Aircraft.

1.3 Remove and replace, in its entirety, Article 3, Price of Aircraft, with new Article 3 (attached hereto) to incorporate revised Advance Payment Base Prices for the Rescheduled Aircraft.

1.4 Remove and replace, in its entirety, Article 7, Changes to the Detail Specification, with new Article 7 (attached hereto). Article 7.2, Program Changes, has been deleted and replaced with new Article 7.2, Change Orders.

1.5 Add a Schedule for Delivery of Model 767-324ER Aircraft following Article 15, (attached hereto) to incorporate the Rescheduled Aircraft and add information relating to previously delivered Aircraft.

2. Exhibit D:

2.1 Remove and replace Pages D-1 through D-4 of Exhibit D, Price Adjustment Due to Economic Fluctuations Airframe Price Adjustment (1992 Base Price), with new Pages

D-1 through D-4 (attached hereto) to incorporate a revised schedule for the Rescheduled Aircraft.

3. Letter Agreements:

3.1 Delete, in its entirety, Letter Agreement 1784-3, Option Aircraft, in response to Buyer's request to terminate its options to purchase additional Model 767-324ER Aircraft.

[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 and as so supplemented will continue in full force and effect.

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

THE BOEING COMPANY CONTINENTAL AIRLINES INC.

By: /s/ RICHARD G. PLANK By: /s/ JOHN LUTH

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

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LETTER AGREEMENTS

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

SUPPLEMENTAL AGREEMENTS Dated as of:

Supplemental Agreement No. 1 April 29, 1993

Supplemental Agreement No. 2 November 4, 1993

Supplemental Agreement No. 3 March 31, 1995

ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

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

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. Boeing will give Buyer at least 7 days' notice of the delivery date of the Aircraft. If an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at a facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Documents of Title. Upon delivery of and payment for each Aircraft, Boeing shall deliver to Buyer a bill of sale duly conveying to Buyer good title to such Aircraft free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features listed in Exhibit A which have been selected by Buyer.

3.1.2 Base Airframe Price is the Aircraft

Basic Price excluding the price of Special Features and Engines.

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

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

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

3.1.6 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.1.7 Price First Published is the first price published by Boeing for the same model of aircraft to be delivered in the same general time period as the affected Aircraft and is used to establish the Base Airframe Price when the Base Airframe Price was not established at the time of execution of this Agreement.

3.2 Aircraft Basic Price.

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

3.3 Aircraft Price.

3.3.1 Block A Aircraft. The Aircraft Price of the Block A Aircraft will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

3.3.1.1

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

3.3.1.2

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

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

3.4 Advance Payment Base Price.

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

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

3.4.2 Adjustment of Advance Payment Base Prices - Long-Lead Aircraft. For Aircraft scheduled for delivery 36 months or more after the date of this Agreement, the Advance Payment Base Prices appearing in Article 3.4.1 will be used to determine the amount of the first advance payment to be made by Buyer on the Aircraft. No later than 25 months before the scheduled month of delivery of the first Aircraft scheduled for delivery in a calendar year (First Aircraft), Boeing will increase or decrease the Advance Payment Base Price of the First Aircraft and all Aircraft scheduled for delivery after the First Aircraft as required to reflect the effects of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT] Boeing will provide the adjusted Advance Payment Base Prices for each affected Aircraft to Buyer, and the advance payment schedule will be considered amended to substitute such adjusted Advance Payment Base Prices.

ARTICLE 7. Changes to the Detail Specification.

7.1 Development Changes. Boeing may, at its own expense and without Buyer's consent, incorporate Development Changes in the Detail Specification and the Aircraft prior to delivery to Buyer. Development Changes are defined as changes to the basic specification for Model 767-300ER aircraft that neither affect the Aircraft Purchase Price nor adversely affect Aircraft delivery, guaranteed weight, guaranteed performance or compliance with the interchangeability or replaceability requirements set forth in the Detail Specification. Development Changes are changes deemed necessary to correct defects, prevent delay, or insure compliance with this Agreement. If Boeing makes changes pursuant to this paragraph, Boeing will promptly notify Buyer of such changes.

7.2 Change Orders. The Detail Specification and associated provisions of this Agreement may be amended by Change Order or other written agreement, which will state the particular changes to be made and any effect on design, performance, weight, balance, time of delivery, Aircraft Basic Price and Advance Payment Base Price.

Continental Airlines, Inc.
Delivery Schedule for Model 767-324ER Aircraft

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

PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
(1992 Base Price)

(Relating to Block A Aircraft)

1. Formula.

The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (P)(L + M - 1)$$

Where:

Pa = Airframe Price Adjustment.

$$L = \frac{.65 \times ECI}{116.2}$$

$$M = \frac{.35 \times ICI}{115.9}$$

P = Aircraft Basic Price (as set forth in Article 3.2 of this Agreement) less the base price of Engines (as defined in this Exhibit D) in the amount of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

ECI = A value using the "Employment Cost Index for workers in aerospace manufacturing" (aircraft manufacturing, standard industrial classification code 3721, compensation, base month and year June 1989 = 100), as released by the Bureau of Labor Statistics, U.S. Department of Labor on a quarterly basis for the months of March, June, September and December, calculated as follows: A three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) will be determined using the months set forth in the table below for the applicable Aircraft, with the released Employment Cost Index value described above for the month of March also being used for the months of January and February; the value for June also used for April and May; the value for September also used for July and August; and the value for December also used for October and November.

ICI = The three-month arithmetic average of the released monthly values for the Industrial Commodities Index as set forth in the "Producer Prices and Price Index" (Base Year 1982 = 100) as released by the Bureau of Labor Statistics,

U.S. Department of Labor values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

In determining the value of L, the ratio of ECI divided by 116.2 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .65 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

In determining the value of M, the ratio of ICI divided by 115.9 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .35 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

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

The following definitions of B and D will apply:

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

2. If at the time of delivery of an Aircraft Boeing is unable to determine the Airframe Price Adjustment because the applicable values to be used to determine the ECI and ICI have not been released by the Bureau of Labor Statistics, then:

2.1 The Airframe Price Adjustment, to be used at the time of delivery of each of the Aircraft, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled month of Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph 2.2 below will apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the base year for determination of the ECI or ICI values as defined above, such rebased values will be incorporated in the Airframe Price Adjustment calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, will be deemed to be the payment for such Aircraft required at the delivery thereof.

2.2 If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Aircraft Airframe Price Adjustment, the parties will, prior to delivery of any such Aircraft, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revision of the formula will be made as required to reflect any substitute values. However, if within 24 months from delivery of the Aircraft the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected Aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February, 1992, which is consistent with the applicable provisions of paragraph 1 of this Exhibit D.

2.4 If required, Boeing will submit either a

supplemental invoice or refund the amounts due Buyer as appropriate to reflect any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft. Any payments due Boeing or Buyer will be made with reasonable promptness.

3. For the calculations herein, the values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled month of Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment.

Note: Any rounding of a number, as required under this Exhibit D with respect to escalation of the airframe price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

6-1162-WLJ-361R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-361R1 to Purchase Agreement No. 1784 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1784 dated March 18, 1993, as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC., relating to Model 767-324ER aircraft (the Aircraft).

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

1. Boeing and Buyer each understand that certain commercial and financial information contained in the documents listed below (Confidential Documents) is considered by the other party to be confidential.

2. Boeing and Buyer agree that each party will treat the Confidential Documents and the information contained therein as confidential and will not, without the other party's prior written consent, disclose such Confidential Documents or any information contained therein to any other person or entity except as may be required by (i) applicable law or governmental regulations; or (ii) for financing the Aircraft in accordance with the provisions of Article 10 of the Agreement.

3. In connection with Buyer's disclosure or filing of Confidential Documents, or the information contained therein pursuant to any such applicable law or governmental regulation, Buyer will request and use its best reasonable efforts to obtain confidential treatment of such Confidential Documents and the information contained therein. Boeing agrees to cooperate with Buyer in making and supporting its request for confidential treatment.

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO as of

this date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-363R1

Continental Airlines, Inc.

2929 Allen Parkway

Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-363R1 to

Purchase Agreement No. 1784 -

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

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1784 dated March 18, 1993, as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. relating to Model 767-324ER aircraft (the Aircraft).

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-364R1

CONTINENTAL AIRLINES, INC.

2929 Allen Parkway

Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-364 to
Purchase Agreement No. 1784 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1784 dated as of even date herewith (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC-. (Buyer) relating to Model 767-324ER aircraft (the Aircraft).

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-RGP-946

Continental Airlines, Inc.
2929 Allen Parkway
Houston, TX 77019

Subject: Letter Agreement No. 6-1162-RGP-946 to
Purchase Agreements No. 1782, 1783, 1784 and
1785 - [CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

Reference is made to the following Purchase Agreements, each dated March 18, 1993, as amended and supplemented (the Purchase Agreements) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer): Purchase Agreement 1782 relating to model 737-524 Aircraft; Purchase Agreement 1783 relating to model 757-224 Aircraft; Purchase 1784 relating to model 767-324ER Aircraft; and Purchase Agreement 1785 relating to model 777-224 Aircraft. The Aircraft rescheduled for delivery to Buyer in 1998 and later are sometimes hereinafter referred to as the Rescheduled Aircraft.

This letter, when accepted by Buyer, will become part of the Purchase Agreements and will evidence our further agreement with respect to the matters set forth below.

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

At Buyer's request, and in consideration of Boeing's agreement to amend the Purchase Agreements, Boeing and

Buyer hereby agree as follows:

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

Attachment A to 6-1162-RGP-946

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

Exhibit 10.14(a)

Supplemental Agreement No. 3

to

Purchase Agreement No. 1785

between

The Boeing Company

and

Continental Airlines Inc.

Relating to Boeing Model 777-224 Aircraft

THIS SUPPLEMENTAL AGREEMENT, entered into as of March 31, 1995 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. 1783 dated March 18, 1993, as amended and supplemented, relating to Boeing Model 777-224 aircraft (the Agreement); and

WHEREAS, Boeing has offered, at Buyer's request, to reschedule delivery of Aircraft (Rescheduled Aircraft), currently scheduled to deliver to Buyer starting in 1997, to 1999 and later, and delete the Option Aircraft from the Agreement, subject to certain terms and conditions; and

WHEREAS, Buyer has accepted Boeing's offer, and agreed to incorporate the terms and conditions of the accepted proposal in the Agreement; and

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

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

1. Table of Contents and Articles:

1.1 Remove and replace, in its entirety, the Table of Contents with a new Table of Contents (attached hereto) to reflect amendment of the Agreement.

1.2 Remove and replace, in its entirety, Article 2, Delivery, Title and Risk of Loss, with new Article 2 (attached hereto) to incorporate the delivery schedule for the Rescheduled Aircraft and add new Article 2.7, Aircraft Delivery Schedule, to incorporate Schedule for Delivery of Model 777-224 Aircraft.

1.3 Remove and replace, in its entirety, Article 3, Price of Aircraft, with new Article 3 (attached hereto) to incorporate revised Advance Payment Base Prices for the Rescheduled Aircraft.

1.4 Remove and replace, in its entirety, Article 7, Changes to the Detail Specification, with new Article 7 (attached hereto). Article 7.2, Program Changes, has been deleted and replaced with new Article 7.2, Change Orders.

1.5 Add a Schedule for Delivery of Model 777-224 Aircraft following Article 15, (attached hereto) to incorporate the Rescheduled Aircraft and add information relating to previously delivered Aircraft.

2. Exhibit D:

2.1 Remove and replace Pages D-1 through D-4 of Exhibit D, Price Adjustment Due to Economic Fluctuations Airframe Price Adjustment (1992 Base Price), with new Pages D-1 through D-4 (attached hereto) to incorporate a revised

schedule for the Rescheduled Aircraft.

3. Letter Agreements:

3.1 Delete, in its entirety, Letter Agreement 1785-3, Option Aircraft, in response to Buyer's request to terminate its options to purchase additional Model 777-224 Aircraft.

[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 and as so supplemented will continue in full force and effect.

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

THE BOEING COMPANY Continental Airlines Inc.

By: /s/ RICHARD G. PLANK By: /s/ JOHN LUTH

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

ARTICLES		Page	Rev.	By
ARTICLE 1.	Subject Matter of Sale.....	1-1	SA#2	
ARTICLE 2.	Delivery, Title and Risk of Loss....	2-1	SA#3	
ARTICLE 3.	Price of Aircraft.....	3-1	SA#3	
ARTICLE 4.	Taxes.....	4-1		
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ARTICLE 7.	Changes to the Detail Specification.	7-1	SA#3	
ARTICLE 8.	Federal Aviation Requirements and Certificates	8-1		
ARTICLE 9.	Representatives, Inspection, Flights and Test Data.....	9-1		
ARTICLE 10.	Assignment, Resale or Lease.....	10-1		
ARTICLE 11.	Termination for Certain Events.....	11-1		
ARTICLE 12.	Product Assurance; Disclaimer and Release; Exclusion of Liabilities; Customer Support; Indemnification and Insurance.....	12-1		
ARTICLE 13.	Buyer Furnished Equipment and Spare Parts.....	13-1	SA#2	
ARTICLE 14.	Contractual Notices and Requests....	14-1		
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EXHIBITS				
EXHIBIT A	Aircraft Configuration	A-1	SA#2	
EXHIBIT B	Product Assurance Document	B-1	SA#2	
EXHIBIT C	Customer Support Document	C-1	SA#2	
EXHIBIT D	Price Adjustments Due to Economic Fluctuations - Airframe and Engines	D-1	SA#3	
EXHIBIT E	Buyer Furnished Equipment Provisions Document	E-1	SA#3	
EXHIBIT F	Defined Terms Document	F-1	SA#2	
LETTER AGREEMENTS				
1785-1	Spare Parts Support		SA#2	

1785-2 Seller Purchased Equipment SA#2

1785-4 Waiver of Aircraft Demonstration Flights SA#2

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

SUPPLEMENTAL AGREEMENTS Dated as of:

Supplemental Agreement No. 1 April 29, 1993

Supplemental Agreement No. 2 November 4, 1993

Supplemental Agreement No. 3 March 31, 1995

ARTICLE 2. Delivery, Title and Risk of Loss.

2.1 Time of Delivery. The Aircraft will be delivered to Buyer by Boeing, and Buyer will accept delivery of the Aircraft, in accordance with the following schedule:

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

2.2 Notice of Target Delivery Date. Boeing will give Buyer notice of the Target Delivery Date of the Aircraft approximately 30 days prior to the scheduled month of delivery.

2.3 Notice of Delivery Date. Boeing will give Buyer at least 7 days' notice of the delivery date of the Aircraft. If an Aircraft delivery is delayed beyond such delivery date due to the responsibility of Buyer, Buyer will reimburse Boeing for all costs incurred by Boeing as a result of such delay, including amounts for storage, insurance, Taxes, preservation or protection of the Aircraft and interest on payments due.

2.4 Place of Delivery. The Aircraft will be delivered at a facility selected by Boeing in the State of Washington, unless mutually agreed otherwise.

2.5 Title and Risk of Loss. Title to and risk of loss of an Aircraft will pass from Boeing to Buyer upon delivery of such Aircraft, but not prior thereto.

2.6 Documents of Title. Upon delivery of and payment for each Aircraft, Boeing shall deliver to Buyer a bill of sale duly conveying to Buyer good title to such Aircraft free and clear of all liens, claims, charges and encumbrances of every kind whatsoever, and such other appropriate documents of title as Buyer may reasonably request.

ARTICLE 3. Price of Aircraft.

3.1 Definitions.

3.1.1 Special Features are the features listed in Exhibit A which have been selected by Buyer.

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

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

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

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

3.1.6 Aircraft Price is the total amount Buyer is to pay for the Aircraft at the time of delivery.

3.1.7 Price First Published is the first price published by Boeing for the same model of aircraft to

be delivered in the same general time period as the affected Aircraft and is used to establish the Base Airframe Price when the Base Airframe Price was not established at the time of execution of this Agreement.

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

3.3 Aircraft Price.

3.3.1 Block A Aircraft. The Aircraft Price of the Block A Aircraft will be established at the time of delivery of such Aircraft to Buyer and will be the sum of:

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

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

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

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

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

ARTICLE 7. Changes to the Detail Specification.

7.1 Development Changes. Boeing may, at its own expense and without Buyer's consent, incorporate Development Changes in the Detail Specification and the Aircraft prior to delivery to Buyer. Development Changes are defined as changes to the basic specification for Model 777-200 aircraft that neither affect the Aircraft Purchase Price nor adversely affect Aircraft delivery, guaranteed weight, guaranteed performance or compliance with the interchangeability or replaceability requirements set forth in the Detail Specification. Development Changes are changes deemed necessary to correct defects, prevent delay, or insure compliance with this Agreement. If Boeing makes changes pursuant to this paragraph, Boeing will promptly notify Buyer of such changes.

7.2 Change Orders. The Detail Specification and associated provisions of this Agreement may be amended by Change Order or other written agreement, which will state the particular changes to be made and any effect on design, performance, weight, balance, time of delivery, Aircraft Basic Price and Advance Payment Base Price.

Continental Airlines, Inc.
Delivery Schedule for Model 777-224 Aircraft

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

PRICE ADJUSTMENT DUE TO
ECONOMIC FLUCTUATIONS
AIRFRAME PRICE ADJUSTMENT
(1992 Base Price)

(Relating to Block A Aircraft)

1. Formula.

The Airframe Price Adjustment will be determined at the time of Aircraft delivery in accordance with the following formula:

$$Pa = (P)(L + M - 1)$$

Where:

Pa = Airframe Price Adjustment.

$$L = .65 \times \frac{ECI}{116.2}$$

$$M = .35 \times \frac{ICI}{115.9}$$

P = Aircraft Basic Price (as set forth in Article 3.2 of this Agreement) less the base price of Engines (as defined in this Exhibit D) in the amount of [CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT].

ECI = A value using the "Employment Cost Index for workers in aerospace manufacturing" (aircraft manufacturing, standard industrial classification code 3721, compensation, base month and year June 1989 = 100), as released by the Bureau of Labor Statistics, U.S. Department of Labor on a quarterly basis for the months of March, June, September and December, calculated as follows: A three-month arithmetic average value (expressed as a decimal and rounded to the nearest tenth) will be determined using the months set forth in the table below for the applicable Aircraft, with the released Employment Cost Index value described above for the month of March also being used for the months of January and February; the value for June also used for April and May; the value for September also used for July and August; and the value for December also used for October and November.

ICI = The three-month arithmetic average of the released monthly values for the Industrial Commodities Index as set forth in the "Producer Prices and Price Index" (Base Year 1982 = 100) as released by the Bureau of Labor Statistics, U.S. Department of Labor values (expressed as a decimal and rounded to the nearest tenth) for the months set forth in the table below for the applicable Aircraft.

In determining the value of L, the ratio of ECI divided by 116.2 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .65 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

In determining the value of M, the ratio of ICI divided by 115.9 will be expressed as a decimal rounded to the nearest ten-thousandth and then multiplied by .35 with the resulting value also expressed as a decimal and rounded to the nearest ten-thousandth.

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

The following definitions of B and D will apply:

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

2. If at the time of delivery of an Aircraft Boeing is unable to determine the Airframe Price Adjustment because the applicable values to be used to determine the ECI and ICI have not been released by the Bureau of Labor Statistics, then:

2.1 The Airframe Price Adjustment, to be used at

the time of delivery of each of the Aircraft, will be determined by utilizing the escalation provisions set forth above. The values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment. If no values have been released for an applicable month, the provisions set forth in Paragraph 2.2 below will apply. If prior to delivery of an Aircraft the U.S. Department of Labor changes the base year for determination of the ECI or ICI values as defined above, such rebased values will be incorporated in the Airframe Price Adjustment calculation. The payment by Buyer to Boeing of the amount of the Purchase Price for such Aircraft, as determined at the time of Aircraft delivery, will be deemed to be the payment for such Aircraft required at the delivery thereof.

2.2 If prior to delivery of an Aircraft the U.S. Department of Labor substantially revises the methodology used for the determination of the values to be used to determine the ECI and ICI values (in contrast to benchmark adjustments or other corrections of previously released values), or for any reason has not released values needed to determine the applicable Aircraft Airframe Price Adjustment, the parties will, prior to delivery of any such Aircraft, select a substitute for such values from data published by the Bureau of Labor Statistics or other similar data reported by non-governmental United States organizations, such substitute to lead in application to the same adjustment result, insofar as possible, as would have been achieved by continuing the use of the original values as they may have fluctuated during the applicable time period. Appropriate revision of the formula will be made as required to reflect any substitute values. However, if within 24 months from delivery of the Aircraft the Bureau of Labor Statistics should resume releasing values for the months needed to determine the Airframe Price Adjustment, such values will be used to determine any increase or decrease in the Airframe Price Adjustment for the Aircraft from that determined at the time of delivery of such Aircraft.

2.3 In the event escalation provisions are made non-enforceable or otherwise rendered null and void by any agency of the United States Government, the parties agree, to the extent they may lawfully do so, to equitably adjust the Purchase Price of any affected Aircraft to reflect an allowance for increases or decreases in labor compensation and material costs occurring since February, 1992, which is consistent with the applicable provisions of paragraph 1 of this Exhibit D.

3. For the calculations herein, the values released by the Bureau of Labor Statistics and available to Boeing 30 days prior to scheduled Aircraft delivery will be used to determine the ECI and ICI values for the applicable months (including those noted as preliminary by the Bureau of Labor Statistics) to calculate the Airframe Price Adjustment.

Note: Any rounding of a number, as required under this Exhibit D with respect to escalation of the airframe price, will be accomplished as follows: if the first digit of the portion to be dropped from the number to be rounded is five or greater, the preceding digit will be raised to the next higher number.

6-1162-WLJ-353R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-353R1 to
Purchase Agreement No. 1785 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND
EXCHANGE COMMISSION PURSUANT TO A REQUEST
FOR CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1785 dated March 18, 1993 as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer) relating to Model

777-224 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-353 is cancelled and superceded.

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

1. Boeing and Buyer each understand that certain commercial and financial information contained in the documents listed below (Confidential Documents) is considered by the other party to be confidential.

2. Boeing and Buyer agree that each party will treat the Confidential Documents and the information contained therein as confidential and will not, without the other party's prior written consent, disclose such Confidential Documents or any information contained therein to any other person or entity except as may be required by (i) applicable law or governmental regulations; or (ii) for financing the Aircraft in accordance with the provisions of Article 10 of the Agreement.

3. In connection with Buyer's disclosure or filing of Confidential Documents, or the information contained therein pursuant to any such applicable law or governmental regulation, Buyer will request and use its best reasonable efforts to obtain confidential treatment of such Confidential Documents and the information contained therein. Boeing agrees to cooperate with Buyer in making and supporting its request for confidential treatment.

Schedule of Confidential Documents

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO as of this

Date: March 31, 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-355R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-355R1 to Purchase Agreement No. 1785 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1785 dated March 18, 1993 as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer) relating to five (5) Model 777-224 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-355 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-WLJ-357R1

CONTINENTAL AIRLINES, INC.
2929 Allen Parkway
Houston, Texas 77019

Subject: Letter Agreement No. 6-1162-WLJ-357R1 to Purchase Agreement No. 1785 -
[CONFIDENTIAL MATERIAL OMITTED AND FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT]

Gentlemen:

This Letter Agreement amends Purchase Agreement No. 1785 dated March 18, 1993 as amended and supplemented (the Agreement) between THE BOEING COMPANY (Boeing) and CONTINENTAL AIRLINES, INC. (Buyer) relating to Model 777-224 aircraft (the Aircraft). Letter Agreement 6-1162-WLJ-357 is hereby cancelled and superceded.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

6-1162-RGP-946

Continental Airlines, Inc.
2929 Allen Parkway
Houston, TX 77019

Subject: Letter Agreement No. 6-1162-RGP-946 to
Purchase Agreements No. 1782, 1783, 1784 and
1785 - [CONFIDENTIAL MATERIAL OMITTED AND FILED
SEPARATELY WITH THE SECURITIES AND EXCHANGE
COMMISSION PURSUANT TO A REQUEST FOR
CONFIDENTIAL TREATMENT]

Gentlemen:

Reference is made to the following Purchase Agreements,
each dated March 18, 1993, as amended and supplemented
(the Purchase Agreements) between THE BOEING COMPANY
(Boeing) and CONTINENTAL AIRLINES, INC. (Buyer): Purchase
Agreement 1782 relating to model 737-524 Aircraft;
Purchase Agreement 1783 relating to model 757-224
Aircraft; Purchase Agreement 1784 relating to model 767-324ER
Aircraft; and Purchase Agreement 1785 relating to model
777-224 Aircraft. The Aircraft rescheduled for delivery
to Buyer in 1998 and later are sometimes hereinafter
referred to as the Rescheduled Aircraft.

This letter, when accepted by Buyer, will become part of
the Purchase Agreements and will evidence our further
agreement with respect to the matters set forth below.

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

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

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/ RICHARD G. PLANK

Its Attorney-In-Fact

ACCEPTED AND AGREED TO this

Date: March 31 , 1995

CONTINENTAL AIRLINES, INC.

By /s/ JOHN LUTH

Its Senior Vice President

Attachment A to 6-1162-RGP-946

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

AGREEMENT

The City and County of Denver ("CCD") and Continental Airlines, Inc. ("Continental"), and United Air Lines, Inc. ("United"), as signatory airlines ("Carriers") pursuant to their respective Denver International Airport ("DIA") Airport Use and Facilities Lease Agreements with CCD (sometimes hereafter the "Lease" or "Leases" as usage requires) hereby agree as follows:

1. Continental Gate Lease Commitments: Continental commits to leasing gates on Concourse A at DIA, on a preferential use basis, pursuant to the further terms and conditions hereof, in the number and location, as follows:

CARRIER	NUMBER	LOCATION	LEASE TERM
Continental	10	A32, A34, A36, A38, A40, A42, A44, A45, A47, A49	5 years

The locations and numbers specified above are intended to be in lieu of the locations and numbers specified in Continental's Lease, and such Lease will be revised to reflect the appropriate deletions and additions, including without limitation all associated operations and other space; provided, however, that Continental will lease terminal and concourse space totaling approximately 113,488 square feet (including club room, mail facility, and all other space). All such concourse space shall be located on Concourse A. The parties recognize and acknowledge that a portion of the space included in Continental's 113,488 square feet has not been specifically identified as of the date of this Agreement and that CCD will cooperate with Continental to designate such particular space as best meets its needs and objectives, provided that the final designation of space shall be approved by CCD in the exercise of its reasonable discretion. CCD and the Carriers expressly waive any argument that the lack of specificity as to the identity of the particular square feet leased renders any portion of this Agreement unenforceable. Continental will have the option to renew or not, in its sole discretion, and without any liquidated damages payment, its lease for five years at a reduced level of occupancy commensurate with three gates and associated space on Concourse A, consistent with any minimum space requirements for a three gate lease that may be imposed generally upon airlines by CCD at such time.

2. Rates and Charges: The methodology for calculating airline rates and charges is hereby modified to reflect the provisions of this Agreement and such modifications are reflected on attached Exhibit A, which shall become Revised Exhibit F to the leases of all signatory airlines; provided, however, that in the event of any inconsistency or ambiguity between this Agreement and Exhibit A hereto, this Agreement shall control. Rates and charges shall remain subject to the audit rights of all Carriers set forth in paragraph 6 below. The Carriers agree that for a period of five years CCD may (but is not required to) include up to 215,000 square feet of unleased operational and office space as "undeveloped space"; provided, however, that as additional square footage is leased after DBO, CCD agrees that it shall reduce such amount of undeveloped space accordingly.

3. Increased Amortization: Except and only to the extent, if any, that the rights of the owners of its airport revenue bonds (including without limitation rights arising from the rate maintenance covenant) are not thereby materially impaired, CCD will cause, by January 1, 1997 (or as soon thereafter as possible consistent with CCD's aforesaid obligations to owners of its airport revenue bonds), amortization of Capital Fund contributions to the planning, development, and construction of the new airport project, which CCD represents to be approximately \$264 million as of the date hereof, over a thirty-year term, which costs are currently to be amortized by CCD over a fifteen-year term. In addition, to the extent that United is reimbursed by CCD pursuant to the September 1, 1994 agreement between United and CCD, as amended on October 14, 1994, for (1) payments to BAE Automated Systems, Inc. for the costs of the modifications to the automated baggage system, for amounts not to exceed \$35 million, and (2) if CCD reimburses United for costs for the modification of the automated baggage system paid to

parties other than BAE Automated Systems, Inc., for amounts not to exceed \$10 million, such amounts shall be repaid to CCD by United over a thirty-year amortization period effective as of the date of any such reimbursements.

4. Right of First Refusal/Pedestrian Bridge: United hereby releases any claim of right of first refusal, which it has pursuant to its agreement with CCD, as to all gates and other space on Concourse A, except gates A32, A34, A36, A38, A40, A42, A44, A45, A47, and A49 and other space related to such gates, as to which gates and space United's right of first refusal shall continue, and further, United releases any claims to any restrictions on any aspect of the use, appearance or function of the pedestrian bridge to Concourse A.

5. Certain Baggage System Issues:

a. Rates and Charges for Baggage Systems. CCD and Carriers hereby agree that for purposes of rates and charges at DIA there are three separate and distinct baggage systems known as the Concourse A Automated Baggage System ("AABS"), the Concourse B, or United Automated Baggage System ("UABS"), and the Rapistan-Demag Backup Baggage System (the "BBS"). Therefore, all rates and charges for equipment and certain space associated with the DIA baggage systems, as defined and set forth herein, shall be allocated on the basis of these three separate systems as follows:

- i. All baggage system equipment (hardware) located on Concourse A ("A Sortation Equipment") shall be part of the AABS and shall be charged exclusively to airlines operating from Concourse A on the basis of their respective passenger enplanements. All space associated with such A Sortation Equipment shall be allocated to airlines operating from Concourse A on the basis of such airlines' rented square feet on such concourse as a percentage of total rentable square feet on such concourse.
- ii. All baggage system equipment (hardware) located on Concourse B ("B Sortation Equipment") shall be part of the UABS and shall be charged exclusively to airlines operating from Concourse B. All space associated with such B Sortation Equipment shall be allocated to airlines operating from Concourse B on the basis of such airlines' rented square feet on such concourse as a percentage of total rentable square feet on such concourse.
- iii. All baggage system equipment (hardware) located on Concourse C ("C Sortation Equipment") as of DBO, but not the space associated therewith nor any subsequent C Sortation Equipment or trackage, shall be a part of and charged to the UABS and shall be charged exclusively to airlines operating from Concourse B; provided, however, that if the C Sortation Equipment is utilized by an airline or airlines operating on Concourse C, then said C Sortation Equipment shall no longer be charged to the airline or airlines operating on Concourse B.
- iv. All baggage system equipment (hardware) for the AABS and the UABS located in the landside terminal and the tunnel, and space associated with said hardware located in the landside terminal, baggage system maintenance areas, and all control room equipment and certain space in the landside

terminal and tunnel for the AABS and UABS (collectively the "Spine Equipment and Space") shall be allocated on the basis of 65% to the UABS, and thus to airlines serving Concourse B, and 35% to the AABS, and thus to airlines serving Concourse A, and shall be further allocated among such airlines on the respective Concourses on the basis of their origination and destination passenger traffic; provided, however, that Continental, for itself, its successors, and assigns, hereby agrees that in the event it no longer operates at DIA but remains an operating airline during the 5 years following DBO, it, or its successors or assigns, shall be responsible to pay, during such initial five-year term, a share of the 35% of the Spine Equipment and Space based on its actual 1995 DIA origination and destination passenger traffic, but not less than 800,000 origination and destination passengers. In the event that Continental ceases operation without a successor or assign, then the 35% share of the Spine Equipment and Space shall be paid as follows: For each six-month period after the commencement of the assessment of charges for the AABS pursuant to subparagraph a.vii hereof, the Concourse A airlines shall collectively pay 100% of their 35% share of the Spine Equipment and Space, unless the total origination and destination traffic on Concourse A is below 1.0 million passengers. In that event, the A Concourse airlines shall be charged for the AABS share of the Spine Equipment and Space costs, using the 1.0 million passenger level as the "denominator" of origination and destination traffic on Concourse A for such six-month period and using the airlines' actual origination and destination traffic as the numerator, with the resulting quotient multiplied by the 35% charge for the Spine Equipment and Space for that six-month period. The balance of the 35% share of the Spine Equipment and Space not charged to any airline under this methodology shall, subject to all prior requirements of CCD's bond ordinances applicable to the airport or airport system, be paid by net revenues of DIA. If for any reason DIA net revenues are insufficient or otherwise cannot be used to pay such costs, then each Concourse A signatory airline shall have the right to move to Concourse C to the extent available space exists, and be subject to rates and charges as if such airline were on Concourse C whether or not such airline is actually able to obtain space on such Concourse.

- v. The parties recognize and acknowledge that the 65/35 allocation of Spine Equipment and Space costs is desirable for the first 5 years after DBO, but may not be desirable over a longer term. Accordingly, at least 8 months prior to the end of the first five years after DBO, any airline or group of airlines representing at least 40% of combined Concourses A and B origin and destination traffic may, with respect to the second five-year period and thereafter, cause CCD to charge the Spine Equipment and Space to airlines operating on Concourses A and B based

on such airlines' respective shares of the combined A and B origination and destination traffic. If this right, as set forth herein, is exercised, CCD shall change the allocation as set forth in subparagraph a.iv above to reflect the provisions of this paragraph, thus creating a common A/B system for purposes of allocating Spine Equipment and Space costs. If no such right is exercised, then the Spine Equipment and Space costs shall continue thereafter to be allocated as set forth in subparagraph a.iv of this paragraph 5.

- vi. If, at any time after DBO, a baggage system, automated or otherwise, other than the BBS, is constructed for Concourse C, the costs of such system shall not be charged, in whole or part or in any way to airlines operating from Concourses A or B and such costs shall be allocated to a separate cost center, to be charged exclusively to Concourse C airlines based on their respective origination and destination traffic and, in addition, an equitable share of any common equipment and space shall be allocated to such airlines to the extent such common equipment and space is utilized by a Concourse C system.
- vii. The Concourse A airlines' AABS rates and charges for the A Sortation Equipment, associated space, and for the 35% of the Spine Equipment and Space as set forth in subparagraphs a.i and a.iv of this paragraph 5, shall begin to be charged to such airlines at the earlier of (1) certification by CCD that the AABS meets the performance standards established in Contract F-300B as modified by amendments and change orders thereto through Change Order 14 or (2) November 15, 1995. Between DBO and the assessment of rates and charges for the AABS, as provided for herein, said rates and charges shall, subject to all prior requirements of CCD's bond ordinances applicable to the airport or airport system, be paid from net DIA airport revenues.
- viii. Any expenditures required to make the AABS operational shall be paid by CCD as part of its obligations under Contract F-300B and the amendments and change orders thereto. Any additional expenditures, unless paid for by CCD's share of net revenues, for the AABS cannot be made without the approval of signatory airlines and their sublessees serving Concourse A carrying at least 51% of the origination and destination traffic on such concourse. In no event shall any expenditures for the AABS, over and above that which is currently approved in Contract F-300B, including the amendments and change orders thereto through Change Order 14, be charged directly or indirectly or in any way to United, except to the extent United is operating from Concourse A.
- ix. The Concourse A airlines' obligation to pay for the AABS as set forth in subparagraph a.vii of this paragraph 5, shall not constitute an obligation of the Concourse A airlines to use the AABS unless the AABS meets the performance and reliability criteria established in

F300-B, as amended, and change orders thereto through the date hereof and (1) the total actual annual origination and destination traffic on Concourse A exceeds 4.5 million passengers, or (2) the airlines carrying at least 51% of the origination and destination traffic on Concourse A (excluding United if United operates from Concourse A) elect to request the use of such system.

b. Operations and Maintenance Costs. Continental hereby agrees for itself and its sublessees and CCD agrees that any other airline operating from Concourse A, either as a signatory or nonsignatory airline, shall pay a pro rata share of the costs of an operations and maintenance agreement for the AABS, UABS, and the BBS on the following terms and conditions:

- i. For so long as the airlines operating on Concourse A are not required to use, or do not elect to use, the AABS, such airlines shall not, pursuant to this Agreement, be responsible for, and shall not be obligated to pay for, any portion of the costs of the "O&M Agreement," as defined in subparagraph b.ii below. If the Concourse A airlines commence the actual use of the AABS pursuant to subparagraph a.ix above, then and only then the following subparagraphs shall apply.
- ii. The operations and maintenance agreement shall be the agreement dated January 25, 1995 between United and BAE Automated Systems, Inc., entitled Denver International Airport Agreement for Operations, Maintenance and Management Services, or any substantially similar successor agreement if the BAE contract is terminated pursuant to its provisions ("O&M Agreement"), which O&M Agreement shall be expanded to include the AABS and that part of the BBS serving Concourse A.
- iii. The "O&M Agreement" shall not be applicable to the C Concourse portion of the BBS, and the Concourse C carriers shall be separately responsible for the O&M costs for that part of the BBS which serves Concourse C. If the AABS is not in use by airlines on Concourse A, the Concourse A airlines shall be separately responsible for the O&M costs for that part of the BBS serving Concourse A.
- iv. The parties acknowledge that the O&M Agreement is a five-year agreement. The Concourse A and B airlines agree to pay for the cost of the O&M Agreement, except those costs related to the BBS, as follows:

O&M Contract Segment	A Carriers' Share	B Carriers' Share
Management	35%	65%
Terminal/spine/control room	35%	65%
Concourse A	100%	0%
Concourse B	0%	100%

- v. The O&M Agreement costs for any portion of the BBS shall be allocated pursuant to the formula for allocation of the equipment costs for the BBS.

vi. In the event that an automated system is built, after DBO, for Concourse C and if Concourse C airlines also join in some portion of the O&M Agreement, then the allocable shares of each segment of the O&M Agreement shall be adjusted on an equitable basis to reflect the addition of such airlines.

vii. The annual costs of the O&M Agreement shall be established by United pursuant to the provisions of the O&M Agreement, provided however that the annual budget for the segment of the contract solely attributable to Concourse A shall be determined by the Concourse A airlines in the manner provided in the O&M Agreement, with a vote required to bind the Concourse A airlines of a majority of the signatory airlines and their sublessees serving Concourse A, cumulatively carrying at least 51% of such airlines' Concourse A origination and destination passengers for the immediately preceding calendar year (except 1994 calendar year Stapleton International Airport passenger figures for such Concourse A airlines shall be used from DBO of DIA through the end of 1995).

viii. The airlines serving Concourse A shall have the right to dispute the allocation of budgeted costs among or between contract segments of the O&M Agreement, with a vote required to bind the Concourse A airlines of a majority of the signatory airlines and their sublessees serving Concourse A, cumulatively carrying at least 51% of such airlines' Concourse A origination and destination passengers for the immediately preceding calendar year (except 1994 calendar year Stapleton International Airport passenger figures for such Concourse A airlines shall be used from DBO of DIA through the end of 1995).

c. Miscellaneous Baggage System Provisions.

i. The cost allocations provided for in this paragraph 5 shall not result in joint or joint and several liability for any airline.

ii. CCD agrees that, except for international arrivals, no airlines will be allowed to locate on Concourse A or to use Concourse A on a charter basis or other limited basis unless such airlines agree to pay a fair and equitable share of the AABS costs, Spine Equipment and Space, and, if applicable pursuant to subparagraph b above, their allocable share of the O&M Agreement, substantially on the basis set forth above or on other fair and equitable terms and conditions, with appropriate adjustments for signatory or nonsignatory status. CCD will credit the AABS cost center to the extent of such collected rates and charges from charter or other limited basis operations.

6. Audit Rights: Notwithstanding paragraph 2 above, the Carriers will retain the right to audit any and all of the amounts and the allocation of costs and cost centers pursuant to the agreed upon rates and charges methodology, and to dispute (i) such allocations to the extent inconsistent with such methodology, and (ii) the amounts

of any charges to them. The Carriers also retain the right to request annual audits.

CCD will follow such procedures and keep and maintain such books, records and accounts as are necessary or required under the provisions of the pertinent agreement or CCD's bond ordinances applicable to the airport or airport system. Such books, records and accounts will contain all items affecting the computation of airline rentals, rates, fees and charges, recorded in accordance with reasonable accounting principles or procedures. All Carriers will have the right, at any reasonable time and at their own expense, until the expiration of three (3) years after the termination of their respective use and lease agreements, to examine and make copies of CCD's books, records and accounts pertinent to such agreements.

Each Carrier agrees that the Auditor of CCD or any of the Auditor's duly authorized representatives, until the expiration of three (3) years after the termination of each respective Carrier's Lease, shall have the right, at any reasonable time and at its expense, to have access to and the right to examine any books, documents, papers and records of the Carrier pertinent to such agreement. Nothing herein shall be construed to allow a change to the baggage system cost allocation methodology in subparagraph 5.a.iv above.

7. Capitalization of Delay Costs: Subject to CCD's obligations to the owners of its airport revenue bonds, and consistent with CCD's obligations to United for repayment of Delay Costs for the period March 10, 1994 through May 15, 1994, pursuant to Section 3.03 of the agreement between CCD and United dated September 1, 1994, as amended on October 14, 1994, CCD will use its best efforts to capitalize delay costs incurred between March 10, 1994 and May 15, 1994 and, if successful, will then return to the airlines all amounts paid to date to defray such costs. Subject to CCD's obligations to the owners of its airport revenue bonds, CCD will include such capitalized delay costs in the rate base for all carriers, based on a capitalization period of not less than the term of any bonds issued to finance such costs or 20 years, whichever is greater. Notwithstanding the foregoing, should CCD not return to United said Delay Costs amounts, nothing herein shall waive United's rights under Section 3.03 of the aforesaid agreement, as amended.

8. Sublease Rights: As a special incentive for Continental agreeing to commit to take more gates, as of DBO, than the number of gates it requires as of DBO, and in compromise of the disputes between the parties, CCD will amend its policy on subleasing rights, which amended policy will remain in effect no less than five years from DBO, to conform to the following:

a. CCD will approve a request by Continental to sublease any of its gates to any other airline so long as (i) all other available gates at DIA are leased to an airline (other than the City's two international Concourse A gates), or (ii) Continental and the subleasing airline are parties to a legitimate code-sharing agreement;

b. In addition to the rights in "a" above, CCD will approve a subleasing request by Continental as to the seven gates and associated space that are contemplated to be subleased to Frontier and America West, if any of such subleased gates and associated space thereafter becomes vacant, so long as the "replacement" subleasing airline is either (i) a new entrant to DIA (not serving DIA prior to such replacement sublease) or (ii) an airline already serving DIA on Concourse A who wishes to take one or more additional gates on Concourse A, and no other gates on such Concourse are available to be leased by CCD to such airline at such time.

c. CCD will approve a request by Continental to sublease or enter into a use agreement with respect to its club space or mail sort facility on reasonable terms and conditions related to the facilities.

d. No sublease for any space will release an airline from its obligations under its Lease, and such airline will remain primarily liable unless CCD elects to require an assignment of such airline's Lease.

9. Releases: CCD and Continental, and their subsidiaries, affiliates, representatives, agents, officers, directors, employees, successors and assigns, hereby mutually release and discharge each other from and against any and all claims, demands, causes of action, damages, losses or liabilities arising from or relating to:

a. Any acts or omissions prior to the date of execution of this Agreement, arising from or relating to the Airport Use and Facilities Lease Agreement, the Amendatory Agreement, the Agreement on a New Airport, as amended, or the March 16, 1994 Agreement between CCD and Continental, including but not limited to any failure by Continental to occupy, or pay rates and charges on, any gates or space in the terminal complex or Concourse A at DIA prior to the date of execution of this Agreement; and

b. any claim by Continental that CCD was required to open DIA prior to February 28, 1995; and

c. any claim by Continental that CCD was required to provide an "Integrated Automated Baggage Handling System;" and

d. any claim by Continental that CCD failed to coordinate or consult with Continental in the planning, design, development and construction of DIA, that CCD failed to expedite completion, minimize costs and stay within its budget, and that CCD failed to perform as a reasonably prudent airport operator in the planning, design, development, and construction of DIA; and

e. any claim by CCD against Continental for rates and charges at DIA in excess of those required by or pursuant to this Agreement, or by agreements not modified, amended or superseded by this Agreement, it being expressly agreed that CCD shall withdraw invoices for rates and charges at DIA previously submitted to Continental for the months of March and April 1995, and CCD shall reissue to Continental invoices for March and April 1995 as if this Agreement had then been in full force and effect as of DBO

This provision shall not be construed to release any claims arising from any breach of this Agreement or any claims not specifically released herein. The foregoing releases shall not affect or release in any way the parties' rights under paragraph 6 of this Agreement, the exercise of such rights, or the consequences of the exercise of such rights. CCD shall, upon payment of amounts due from Continental pursuant to subparagraph 9.e of this Agreement and other amounts due, owing and outstanding as of May 1, 1995 regarding three special facility leases for facilities at Stapleton and four support facilities at DIA, cause to be dismissed, without prejudice except to the extent of the claims released, the claims filed against Continental in the matter City and County of Denver, Colorado v. Continental Airlines, Inc., Civ. 95-S-419 (D. Colo. filed February 22, 1995).

10. Binding Terms: This Agreement is binding on the parties hereto and Continental shall be entitled to rely hereon in order to occupy and to give up for occupancy premises in the locations and numbers specified in paragraph 2 above, together with associated operations space.

11. Bond Ordinance: This agreement and any agreement contemplated hereby will be in all respects subject and subordinate to any and all City bond ordinances applicable to the airport and airport system and to any other bond ordinances which hereafter may amend, supplement or

replace such ordinances; except to the extent that any ordinances that amend, supplement, or replace such ordinances impair the rights of the Carriers under this Agreement. The parties acknowledge and agree that all property subject to any agreement which was financed by the net proceeds of tax-exempt bonds is owned by CCD, and the Carriers which are a party thereto agree not to take any action that would impair, or omit to take any action required to confirm, the treatment of such property as owned by CCD for purposes of Section 142(b) of the Internal Revenue Code of 1986, as amended. In particular, the Carriers agree to make an irrevocable election (binding on themselves and all successors in interest) not to claim depreciation or an investment credit with respect to any property subject to any agreement which was financed by the net proceeds of tax-exempt bonds and will execute such forms and take such other action as CCD may reasonably request in order to implement such election.

12. Revenue Credit Split: The annual "revenue credit" for DIA, if any, to be divided between the Capital Improvement Account and the Airline Revenue Credit Account, shall be divided as follows:

Years from DBO	Capital Improvement Account Share	Airline Revenue Credit Share
0-5	20%	80%
6-11	25%	75%
12-	50%	50%

13. CCD Use of Available Office Space: CCD agrees that for so long as the currently available office or other unleased space at DIA is available for office space at DIA, it will not cause to be built any additional office space over and above existing space, at DIA for the purpose of use by CCD employees or agents at DIA.

14. Sixth Runway: CCD will proceed with the completion of Runway 16R - 34L and related taxiways in two phases. In the first phase, CCD will complete the rough grading in FY95-96 utilizing the existing AIP #09 Grant for \$10 million and the \$6 million required as matching funds, which funds shall come from the proceeds of 30-year bond sales or the Capital Fund. In the second phase, CCD will complete the remainder of the final grading, paving, lighting and related work to provide a complete operational unit, only if: (i) its operational effectiveness, utilizing computer simulation SIMMOD (current version), is proven to result in annual operational cost savings that equal or exceed the annual debt service and operating and maintenance expenses of this phase of the sixth runway project; or (ii) signatory airlines that account for at least 51% of total landed aircraft weight during the previous fiscal year approves; or (iii) the FAA funds 75% of the entire cost of the remainder of the sixth runway project.

15. Execution by Counterparts: This agreement may be signed in two or more counterparts, each of which shall be deemed an original.

16. Conflicts With and Amendments of Existing Leases and Other Agreements: In the event of any inconsistency between the Carriers' Leases, or any other agreements between Carriers and CCD and the terms hereof, this Agreement shall control, supersede, and amend any such inconsistent or contrary provisions, but all provisions in such leases or agreements not inconsistent with the terms and provisions hereof shall remain in full force and effect.

17. Condition; Final Approval: This Agreement is conditioned on CCD obtaining the written consent of a numerical majority of the signatory airlines and a majority of the signatory airlines in terms of rentals, rates, fees and charges paid in the preceding fiscal year, pursuant to the General Provisions Section set forth in the Rate-Making Procedures and Reestablishment Part of the Airport Use and Facilities Lease Agreements of such signatory airlines. In addition, this agreement is expressly subject to, and shall not be or become effective or binding on CCD until executed by CCD and an executed copy has been delivered to at least one of the Carriers.

18. Effective Date: For purposes of rates and charges

assessed to airlines at DIA, this Agreement shall be deemed to be effective as of May 1, 1995; provided, however, that as part of the compromise of the litigation pending between Continental and CCD, Continental's rates and charges for March and April, 1995, shall be calculated as if this Agreement were effective as of DBO.

19. DBO: "DBO" as used herein is February 28, 1995.

ATTEST: CITY AND COUNTY OF DENVER

By _____
ARIE P. TAYLOR, Clerk and Mayor Wellington E. Webb
Recorder, Ex-Officio Clerk of the City and County of Denver
Dated: _____

Dated: _____
RECOMMENDED AND APPROVED:

APPROVED AS TO FORM: By _____
DANIEL E. MUSE, Attorney for Manager of Public Works
the City and County of Denver
Dated: _____

By _____ By _____
Assistant City Attorney Manager of Aviation
Dated: _____ Dated: _____

REGISTERED AND
COUNTERSIGNED:

By _____
Auditor

Dated: _____

ATTEST:

Secretary

CONTINENTAL AIRLINES, INC. UNITED AIR LINES, INC.

By /s/ Gordon M. Bethune By /s/ Stuart I. Oran
Gordon M. Bethune Stuart I. Oran

Title: Chief Executive Officer Title Executive Vice
President - Corporate
Affairs and General
Counsel

Dated: April 3, 1995 Dated: April 3, 1995

MUTUAL RELEASE

Continental Airlines, Inc. ("Continental") and United Air Lines, Inc. ("United") hereby grant releases to each other covering all claims of any nature arising out of or resulting from any or all of the following: (i) modifications of the "Integrated Automated Baggage Handling System" (as defined in Contract F-300B) pursuant to the agreement dated September 1, 1994 between the City and County of Denver, Colorado ("CCD") and United, as amended October 14, 1994; and (ii) the failure of Continental to occupy, or pay rates and charges on, any gates or facilities in the terminal complex or Concourse A at DIA except to the extent of Continental's obligations under the Agreement between and among Continental, United, and CCD, executed by Continental and United of even date herewith; provided, however, that in the event such Agreement does not become effective by April 17, 1995, this mutual release shall become null and void in its entirety unless further extended by mutual written agreement of Continental and United.

CONTINENTAL AIRLINES, INC.

UNITED AIR LINES, INC.

By: /s/ Gordon M. Bethune
Gordon M. Bethune

By: /s/ Stuart I. Oran
STUART I. ORAN

Title: Chief Executive Officer

Title: Executive Vice
President
Corporate Affairs
and General Counsel

Dated: April 3, 1995

Dated: April 3, 1995

EXHIBIT A TO AGREEMENT AMONG
CITY AND COUNTY OF DENVER,
UNITED AIR LINES, INC., AND
CONTINENTAL AIRLINES, INC.
(Revised Exhibit F to Leases)

DENVER INTERNATIONAL AIRPORT
AIRLINE RATE-MAKING METHODOLOGY

General Rate-Making Concepts

The City will use a "compensatory" methodology to establish Terminal Complex rental rates. The Airlines will pay the fully allocated cost of the space that they lease in the Landside Terminal building and airside concourses.

Landing fees will be established according to a "cost center residual cost" methodology, under which the airlines will pay the costs of the Airfield, after first deducting airfield revenues from other sources (primarily general aviation landing fees and fuel flowage fees).

Rate-Making Procedures at the Airport

At the Airport, the City intends to use cost accounting concepts and rate-making procedures as described in the following sections.

Cost Center. Direct (revenue-producing) cost centers to be established for the New Airport are to include the following:

Terminal Complex -- All levels of space, including the pedestrian bridge to Concourse A, the clerestory in Concourse B, public escalators, elevators and moving walkways in the Landside Terminal and airside Concourses A, B, and C.

Airline Tenant Finishes and Equipment - Airline space finishes and equipment, ticketing facilities, loading bridges, communications equipment, baggage and flight information display systems, apron level commuter facilities and baggage sortation systems which shall include related equipment and space within Concourses A and B (and additional concourses as such sortation systems are operational), and approved modifications to the automated baggage systems. Sub-cost centers will be established for the Landside Terminal, the international facilities, each airside concourse and each airline as applicable.

Joint Use Facilities - All space and related equipment in the Landside Terminal and Concourses allocated to Tug Circulation and common use facilities, (including, but not limited to, pre-conditioned air facilities, triturators, etc.). The apron level on Concourse C shall be included in the Concourse C tug circulation space (excluding the space occupied by the baggage carrousel on the Concourse C Apron).

Baggage Claim -- All bag claim space and equipment in the Landside Terminal including carrousel, and input conveyors and related inbound baggage handling space in the Landside Terminal.

Spine Equipment and Space -- The inbound and outbound automated DCV baggage systems (AABS and UABS), including their equipment and related space (excluding the Tunnel space allocated to the AGTS and Tunnel cost center) in the Landside Terminal and in the Tunnel from the Landside Terminal to the Concourses, separately serving Concourse A (the "AABS") and separately serving Concourse B (the "UABS"), including the costs of the maintenance space, control room equipment and related control room space, (excluding the costs of baggage sortation system equipment and space in the concourses and the costs of approved modifications to the automated systems which are included in the baggage sortation for each concourse).

Backup Baggage System -- The outbound conveyor baggage system

and equipment, including all costs of baggage equipment, and structural/construction modifications/costs to accommodate the Backup Baggage System and related operations, tug circulation and odd size lift space in the Landside Terminal, related maintenance space and the space in the parking structure used for the Backup Baggage System.

AGTS and Tunnels -- The Automatic Guideway Transit System ("AGTS"), including vehicles and equipment, the AGTS tunnels and the baggage and tug tunnels between the Landside Terminal and the airside concourses and tunnel modifications to accommodate increased tug and cart operations.

International Facilities -- International gates on Concourse A and related holdrooms, sterile circulation space, ramp areas, operations space and the FIS area in the Landside Terminal, and the international portion of the Connector to Concourse A.

Concourse Ramp Area -- The aircraft parking aprons and pushback zones located adjacent to the airside concourses.

Airfield Area -- The runway and taxiway system, undeveloped acreage and 50% of the costs incurred to develop the North Cargo Site prior to DBO.

Public Parking Area - All space allocated for public parking in the parking structure and all other public parking lots (excluding the cost of the parking structure space exclusively dedicated to the Backup Baggage System which will be allocated to the Backup Baggage System cost center).

Employee Parking Area -- The employee parking lot(s).

Fueling System - The fuel storage and distribution system, including hydrant fueling pits at the aircraft parking aprons.

Commercial Vehicle Facilities -- The surface parking area and building to be used for staging commercial vehicles and the dedicated commercial roadway serving the Terminal Complex. Commercial vehicles include hotel/motel courtesy vans, taxis and limousines.

Rental Car Facilities -- Areas and roadways provided for Rental Car operations not in the Terminal Complex.

Cargo Area -- The joint use air cargo facilities (including apron, building and truck parking areas) and other areas provided for air cargo carriers and freight forwarders.

Airline Maintenance and Support Area -- Areas provided for airline maintenance facilities, cargo facilities and inflight kitchens.

Airport Mail Facility -- Areas provided for the Airport mail facility to be constructed by the U.S. Postal Service.

Additional Concourses -- Costs related to all levels of space and associated apron areas of any airside concourses in addition to Concourses A, B and C shall be allocated to new cost centers to be established.

Indirect (nonrevenue-producing) cost centers are to include:

Access, Terminal, and Service Roadways -- Pena Boulevard, other secondary access roads, the terminal area roadways, the terminal curbsides, the perimeter circulation roadway, and other secondary internal roadways.

Airport Maintenance -- Airport maintenance facilities and indirect (unallocated) maintenance expenses.

Airport Administration -- Airport administrative facilities and administrative expenses.

Aircraft Rescue and Fire Fighting -- The rapid response stations, structural fire station(s) and ARFF operating expenses.

Certain Cost Center Allocations

The net requirement of the Terminal Complex will be recovered through rental rates. Net Terminal Complex requirements will be divided by total rentable space in the Terminal Complex to determine the average rental rate per square foot of rentable space. Airlines will be charged this average rate for space that they lease. Undeveloped space in the Terminal Complex shall not be considered rentable space in computing the average rental rate. Space costs associated with the FIS area, international facilities, and AGTS and tunnel areas, baggage claim and baggage systems shall be assigned at the average Terminal Complex rental rate to the appropriate cost centers.

The net costs of the Ramp Area including pushback zones will be recovered

through separate ramp fees assessed on a per-lineal-foot basis measured two hundred and fifty (250) feet from the exterior walls of each concourse. Commuter aircraft ramp fees will be calculated based on 50% of the sum of the per-lineal-foot measurement of the commuter facility ramp area.

The net costs of the Airfield Area will be recovered through landing fees assessed on the basis of the total landed weight of all aircraft using the Airport.

International fees on arriving international flights will be assessed on a per deplaning international passenger basis to recover costs allocable to the International Facilities cost center. Fueling system charges will be distributed 10% equally and 90% on a gallonage basis among airlines to recover all of the costs associated with the fueling system.

Charges for the AGTS, the AGTS tunnels, and the baggage and tug tunnels between the landside terminal and the airside concourses will be assessed among airlines on the basis of their respective originating and destination passengers at the Airport for the preceding three-month period.

Baggage Claim space will be costed at the average rental rate in the Terminal Complex. This amount will be added to the Baggage Claim cost center costs. Charges for the Baggage Claim cost center will be allocated among airlines on the basis of their respective deplaned destination passengers for the preceding three-month period.

Landside Terminal space allocated to the Backup Baggage System will be costed at the average rental rate of the Terminal Complex. This space shall be allocated based on Airline rented square footage in the Landside Terminal and charged to the Airline Tenants. Space in the Public Parking Area will be costed at the average cost per square foot of the Parking Structure, and, when applicable, will be added to the Backup Baggage System cost center. Charges for the Backup Baggage System cost center, including equipment, structural/construction costs and related space as described above, will be allocated to a sub-cost center for each of the five modules presently developed in the Terminal and Parking Structure (additional modules will be added when developed). The costs of each module shall be charged to the airline(s) leasing or using those facilities. In the event the Backup Baggage System equipment and/or space is jointly used by two or more airlines, such costs will be allocated among such airlines on the basis of their proportional number of carousels in the module exclusively used by each airline to the total number of carousels in their module. Furthermore, if a carousel is jointly used by two or more airlines, the costs allocated to such carousel will be further allocated to each carrier using the carousel based on their proportional share of originating passengers.

The cost of the Parking Structure will be allocated to each module based on the square footage of that module used for the Backup Baggage System. However, the airlines will not be charged for such costs until the average number of cars in the Parking Structure exceeds 12,000 for 22 consecutive days.

Joint Use Facilities shall be costed at the average Terminal Complex rate. The cost of the Joint Use Facilities in each concourse shall be separately allocated based on Airline rentable square footage within the respective concourse and charged to the respective tenants/users of the facilities in each concourse based on their proportional share of rented square footage to the total rentable square footage.

For purposes of allocating costs to airlines based on rentable square footage, airline rentable square footage shall include the 215,000 square feet of unleased space that has been redefined for certain purposes as undeveloped space.

The space associated with the Spine Equipment and Space in the Terminal Complex will be costed at the average rental rate of the Terminal Complex. This amount will be added to the equipment costs of the Spine Equipment and Space and allocated 65% to the UABS serving Concourse B and 35% to the AABS serving Concourse A and assessed among the airlines on each respective concourse on the basis of their respective originating and destination passengers for the preceding three-month period. The parties recognize and acknowledge that the 65/35 allocation of Spine Equipment and Space is desirable for the initial 5-year term, but may not be desirable over a longer term. Accordingly, at least 8 months prior to the end of the first five years after DBO, any airline or group of airlines representing at least 40% of combined Concourses A and B originating and destination traffic may, with respect to the second five-year period and thereafter, cause the City to charge the Spine Equipment and Space to airlines operating on Concourse A and B based on such airlines' respective shares of the combined A and B originating and destination traffic.

The Concourse A airlines' rates and charges for the baggage sortation equipment and space on Concourse A and for the 35% of the Spine Equipment and Space shall begin to be charged to such airlines at the earlier of (1) certification by the City that the AABS meets the performance standards established in Contract F-300B as modified by amendments and change orders thereto through Change Order 14 or (2) November 15, 1995. Between DBO and

the assessment of rates and charges for the baggage sortation equipment and space and the Concourse A proportional share of the Spine Equipment and Space, as provided for herein, said rates and charges shall, subject to all prior requirements of the City's Bond Ordinances applicable to the Airport or Airport System, be paid from net DIA airport revenues.

Continental, for itself, its successors, and assigns, agrees that in the event it no longer operates at DIA but remains an operating airline during the 5 years following DBO, it, or its successors or assigns, shall be responsible to pay, during such initial five-year term, a share of the 35% of the Spine Equipment and Space based on its actual 1995 DIA originating and destination passenger traffic, but not less than 800,000 originating and destination passengers. In the event that Continental ceases operation without a successor or assign, then the 35% share of the Spine Equipment and Space shall be paid as follows: For each six-month period after the commencement of the assessment of charges for the AABS, the Concourse A airlines shall collectively pay 100% of their 35% share of the Spine Equipment and Space, unless the total originating and destination traffic on Concourse A during such period is below 1.0 million passengers. In that event, the Concourse A airlines shall be charged for the AABS share of the Spine Equipment and Space, using the 1.0 million passenger level as the "denominator" of originating and destination traffic on Concourse A for such six-month period and using the airlines' actual originating and destination traffic as the numerator, with the resulting quotient multiplied by the 35% charge for the Spine Equipment and Space for that six-month period. The balance of the 35% share of the Spine Equipment and Space not charged to any airline under this methodology shall, subject to all prior requirements of the City's Bond Ordinances applicable to the Airport or the Airport System, be paid by net revenues of DIA. If for any reason DIA net revenues are insufficient or otherwise cannot be used to pay such costs, then each Concourse A signatory airline shall have the right to move to Concourse C to the extent available space exists, and be subject to rates and charges as if such airline were on Concourse C whether or not such airline is actually able to obtain space on such Concourse.

The City shall credit the AABS cost center to the extent of collected rates, fees and charges assessed charter and other limited basis operations on Concourse A.

Airline Tenant Finish and Equipment costs, excluding the costs of the baggage sortation equipment and approved modifications to the automated DCV baggage system to provide for the automated system on Concourses A and B, shall be allocated to the applicable sub-costs centers and then divided by total airline rentable space in that cost center to determine the average tenant finish rate per square foot. The cost of the baggage sortation space shall be included in the costs of the Tenant Finish and Equipment and allocated based on airline rentable space.

The costs of the Concourse A baggage sortation system equipment and approved modifications shall be allocated exclusively to the airlines operating on Concourse A on the basis of their respective passenger enplanements. The costs of the Concourse B baggage sortation system equipment and approved modifications shall be allocated exclusively to the airlines operating on Concourse B on the basis of their respective passenger enplanements. The costs of the Concourse C baggage sortation system equipment as of DBO shall be allocated to the Concourse B sortation system equipment until such equipment is otherwise utilized or leased by other airlines.

In the event an automated baggage system is constructed for Concourse C or for any additional airside concourse, the costs related to such baggage system(s), equipment and space shall be allocated to Concourse C, or the new concourse as applicable, and charged exclusively to the airlines operating on such concourse.

Costs associated with undeveloped acreage will be allocated to the Airfield Area until the land is developed. Costs and revenues associated with developed acreage will be allocated to the applicable cost center.

Not more than forty percent (40%) of the costs (debt service and operating and maintenance expenses) associated with the Access and Terminal Roadways shall be allocated to the Terminal Complex.

Costs associated with the Service Roadways shall be allocated back to the direct cost centers based primarily on which cost centers benefit from such Service Roadways.

Not more than eighty percent (80%) of the costs associated with Aircraft Rescue and Fire Fighting shall be allocated to the Airfield Area cost center.

Costs associated with the Airport Administration cost center will be allocated based on a 50/50 revenue/direct expense formula: fifty percent (50%) on the percentage distribution of operating revenue by cost center and the remaining fifty percent (50%) allocated on the percentage distribution of direct Operation and Maintenance Expenses by cost center.

Undeveloped space shall include: (i) space in which no buildout has occurred, (ii) the space in the basement of Concourse C until such space

is leased or utilized, (iii) no more than 215,000 square feet of unleased operational and office space (including the prorata costs of Tenant Finish and Equipment and Joint Use Facilities) until such space is exclusively leased and (iv) the space in level 3 of the Landside Terminal interior to the tug circulation rights-of-way not otherwise leased or used.

Airport Costs

Airport "costs" (also referred to as "requirements") include without limitation:

- (1) Operation and Maintenance Expenses.
- (2) Debt service on Bonds issued for the Airport and any other amounts required under the General Bond Ordinance except debt service on PFC-enhanced bonds for which PFC revenues are available.
- (3) Debt service on Bonds used for Airport land acquisition.
- (4) Amortization of 50% of the City's New Airport expenditures incurred prior to January 1, 1990, from Capital Fund and Operating Fund moneys used for (a) pre-1990 planning and administrative costs, (b) Airport land acquisition, (c) New Airport Project costs, and (d) debt service on Bonds used for Airport land acquisition.
- (5) Amortization of all investments made for the New Airport Project costs from other than Bonds or grants after January 1, 1990 and prior to DBO.
- (6) Amortization of the City's investment in the Airport Coverage Account to be accumulated during the pre-DBO period.
- (7) For the purposes of items (4), (5), and (6) above, amortization charges are to be calculated over 15 years at the weighted average effective interest cost on all Airport fixed-rate Bonds prior to January 1, 1997. Except and only to the extent, if any, that the rights of the owners of its airport revenue bonds (including, without limitation, the rights arising from the rate maintenance covenant) are not thereby materially impaired, the City will cause, by January 1, 1997 (or as soon thereafter as possible consistent with the City's aforesaid obligations to owners of its airport revenue bonds), amortization of the net unamortized balance of City's investments in items (4), (5) and (6) above on a straight-line basis for the balance of the period through March 1, 2025.
- (8) Amortization of reimbursements made to United Airlines related to costs for modifications to the United Airlines automated DCV baggage system, not to exceed \$45 million, from other than bonds shall be calculated on a straight line basis over 30 years, effective as of the date of any such reimbursement, at the weighted average effective interest rate of all Airport fixed-rate bonds prior to January 1, 1997.
- (9) Amortization of the City's investments from the Capital Fund, subsequent to DBO, shall be amortized at the average rate of the Airport fixed-rate bonds over 15 years and charged to the Airlines.

PFC Revenues

PFC Revenues will not be treated as airport revenues for the purpose of establishing airline rates, fees and charges. For rate-making purposes, PFC revenues shall be allocated to the extent available, to at least fifty percent (50%) of the capital costs and/or debt service associated with the following eligible projects in the following order of priority: (1) facilities for the Federal Inspection Services, (2) the portion of Airport Boulevard from an interchange with the Proposed E-470 to the terminal and terminal area roads, (3) the Automated Guideway Transit System ("AGTS"), including vehicles and equipment and (4) the AGTS tunnels. That portion of the capital costs or debt service paid for by PFC revenues will not be included in the calculation of the airline rate base.

Airport "Credits"

Debt service will be charged to the airline rate base at the Airport in lieu of amortization of such Airport costs as are bond-financed. Interest income on the Bond Reserve Fund (provided that the minimum Bond Reserve Requirement has been funded) and on the Interest and Principal Accounts of the Bond Fund that are Gross Revenues shall be credited to the cost centers of the Airport in the same proportion as the debt service allocation.

The City shall establish accounts within the Capital Fund as illustrated in Figure 2. Net Revenues of the Airport System, as defined in the General Bond Ordinance, flowing to the Capital Fund each year are to be used to

replenish reserve funds or accounts as required in the General Bond Ordinance and the Coverage Account and to fund the Equipment and Capital Outlay Account for equipment and capital outlays included in the operating budget. Remaining Net Revenues are to be allocated as follows: (a) 80% for the first five years following DBO, 75% for the next six years, and 50% thereafter, up to a maximum of \$40 million to flow into the Airline Revenue Credit Account to be applied as a credit against Signatory Airline rates and charges in the following fiscal year and (b) the balance to flow into the Capital Improvement Account.

Prior to DBO, City shall create an Airport Coverage Account and fund that account up to an amount equal to twenty-five percent (25%) of Debt Service Requirements on Bonds issued to finance the Airport (other than Special Facilities Bonds and other Bonds to finance support facilities such as cargo, maintenance and food preparation facilities). The Airport Coverage Account shall be considered as Other Available Funds (as defined in the General Bond Ordinance) for the purpose of meeting the Rate Maintenance Covenant. Airline rentals, rates, fees and charges will not be used for such funding unless the intended sources are insufficient to fully fund the Airport Coverage Account prior to DBO.

Miscellaneous

The City intends to redeem, defease or otherwise provide for the outstanding Series 1984 and 1985 Bonds that relate to Stapleton. The "land acquisition" portion of the 1985 Bonds, portions of the 1984 Bonds and the interim improvements portion of the 1985 Bonds used for the New Airport Project will be refinanced if it is determined to result in financial savings to the City.

All defined terms used herein shall be consistent with the defined terms in the General Bond Ordinance.

Gross Revenues of the Airport System shall include, after January 1, 1994, the proceeds of the City's 1989 \$0.02 per-gallon fuel tax increase.

Any payments received within six (6) months after DBO from tenants of Stapleton for activities prior to DBO of the Airport shall be treated as if received prior to DBO for purposes of allocation of the Capital Fund.

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in: (i) the Registration Statement (Form S-3 No. 33-79688) of Continental Airlines, Inc. and in the related Prospectus, and (ii) the Registration Statements (Form S-8 No. 33-81324) pertaining to the Continental Airlines, Inc. 1994 Incentive Equity Plan, (Form S-8 No. 33-81326) pertaining to the Continental Airlines, Inc. 1994 Restricted Stock Grant, and (Form S-8 No. 33-81328) pertaining to the Continental Airlines, Inc. 1994 Employee Stock Purchase Plan, of our report dated April 12, 1995, with respect to the consolidated financial statements and schedules of Continental Airlines, Inc. included in this Form 10-K for the year ended December 31, 1994.

ERNST & YOUNG LLP

Houston, Texas
April 12, 1995

CONSENT OF INDEPENDENT AUDITORS

As independent public accountants, we hereby consent to the incorporation by reference of our report dated March 12, 1993 included in this Form 10-K, into the previously filed: (i) Registration Statement (Form S-3 No. 33-79688) of Continental Airlines, Inc. and in the related Prospectus, and (ii) the Registration Statements (Form S-8 No. 33-81324) pertaining to the Continental Airlines, Inc. 1994 Incentive Equity Plan, (Form S-8 No. 33-81326) pertaining to the Continental Airlines, Inc. 1994 Restricted Stock Grant, and (Form S-8 No. 33-81328) pertaining to the Continental Airlines, Inc. 1994 Employee Stock Purchase Plan.

ARTHUR ANDERSEN LLP

Houston, Texas
April 12, 1995

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that the undersigned, a director and/or officer of Continental Airlines, Inc. (the "Company"), does hereby constitute and appoint Daniel P. Garton and Joni K. Ffrench or either of them, their true and lawful attorney or attorneys, to execute in their name, place and stead in such capacity or capacities (whether on behalf of the Company, or otherwise), the Company's Annual Report on Form 10-K for the year ended December 31, 1994, to be filed by the Company under the Securities and Exchange Act of 1934, and generally to perform all things necessary to be done in the premises as fully and effectually in all respects as they could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed their name hereto on the date set forth opposite their name.

Date: 3/28/95

By: /s/ Thomas J. Barrack, Jr.
Thomas J. Barrack, Jr.

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed their name hereto on the date set forth opposite their name.

Date: 3/16/95

By: /s/ Gordon M. Bethune
Gordon M. Bethune

POWER OF ATTORNEY

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Date: 3/17/95

By: /s/ David Bonderman
David Bonderman

POWER OF ATTORNEY

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respects as they could do if personally present.

IN WITNESS WHEREOF, the undersigned has signed their name hereto on the date set forth opposite their name.

Date: 3/20/95

By: /s/ Joel H. Cowan
Joel H. Cowan

POWER OF ATTORNEY

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Date: 3/17/95

By: /s/ Patrick Foley
Patrick Foley

POWER OF ATTORNEY

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Date: 3/20/95

By: /s/ Rowland C. Frazee
Rowland C. Frazee

POWER OF ATTORNEY

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Date: 3/16/95

By: /s/ Hollis L. Harris
Hollis L. Harris

POWER OF ATTORNEY

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Date: 3/16/95

By: /s/ Robert L. Lumpkins
Robert L. Lumpkins

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed their name hereto on the date set forth opposite their name.

Date: 3/18/95

By: /s/ Douglas H. McCorkindale
Douglas H. McCorkindale

POWER OF ATTORNEY

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Date: 3/17/95

By: /s/ David E. Mitchell
David E. Mitchell

POWER OF ATTORNEY

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the date set forth opposite their name.

Date: 3/16/95

By: /s/ Richard W. Pogue
Richard W. Pogue

POWER OF ATTORNEY

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Date: 3/17/95

By: /s/ William S. Price
William S. Price

POWER OF ATTORNEY

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Date: 3/17/95

By: /s/ Donald L. Sturm
Donald L. Sturm

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed their name hereto on the date set forth opposite their name.

Date: 3/20/95

By: /s/ Claude I. Taylor
Claude I. Taylor

POWER OF ATTORNEY

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Date: 3/16/95

By: /s/ Karen Hastie Williams
Karen Hastie Williams

POWER OF ATTORNEY

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IN WITNESS WHEREOF, the undersigned has signed their name hereto on the date set forth opposite their name.

Date: 3/22/95

By: /s/ Charles A. Yamarone
Charles A. Yamarone

[ARTICLE] 5
[LEGEND]

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS. AMOUNTS SHOWN IN THOUSAND OF DOLLARS, EXCEPT FOR SHARE DATA.

[PERIOD-TYPE]	12-MOS	
[FISCAL-YEAR-END]		DEC-31-1994
[PERIOD-END]		DEC-31-1994
[CASH]		396,298
[SECURITIES]		0
[RECEIVABLES]		375,621
[ALLOWANCES]		0
[INVENTORY]		141,781
[CURRENT-ASSETS]		989,960
[PP&E]		1,592,767
[DEPRECIATION]		0
[TOTAL-ASSETS]		4,601,182
[CURRENT-LIABILITIES]		2,407,807
[BONDS]		0
[COMMON]		267
[PREFERRED-MANDATORY]		52,606
[PREFERRED]		0
[OTHER-SE]		103,417
[TOTAL-LIABILITY-AND-EQUITY]		4,601,182
[SALES]		0
[TOTAL-REVENUES]		5,669,931
[CGS]		0
[TOTAL-COSTS]		0
[OTHER-EXPENSES]		5,680,902
[LOSS-PROVISION]		(10,971)
[INTEREST-EXPENSE]		(240,575)
[INCOME-PRETAX]		(651,112)
[INCOME-TAX]		42,150
[INCOME-CONTINUING]		(613,342)
[DISCONTINUED]		0
[EXTRAORDINARY]		0
[CHANGES]		0
[NET-INCOME]		(613,342)
[EPS-PRIMARY]		(23.76)
[EPS-DILUTED]		(23.76)