

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported):
January 18, 2000

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

Delaware
(State or other
jurisdiction of
incorporation)

0-09781
(Commission
File Number)

74-2099724
(IRS Employer
Identification No.)

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

77002
(Zip Code)

(713) 324-2950
(Registrant's telephone number, including area code)

Item 5. Other Events.

On January 18, 2000, Continental Airlines, Inc. issued a press release, which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release.

SIGNATURE

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

CONTINENTAL AIRLINES, INC.

By /s/ Jeffery A. Smisek
Jeffery A. Smisek
Executive Vice President
and General Counsel

January 18, 2000

EXHIBIT INDEX

99.1 Press release, dated January 18, 2000.

CONTINENTAL AIRLINES REPORTS
FOURTH QUARTER RESULTS AND
FIFTH STRAIGHT YEAR OF PROFITS

Moves up in the rankings of 100 Best Companies to Work for in America

HOUSTON, Jan. 18, 2000 -- Continental Airlines (NYSE: CAL and CAL.A) today reported fourth quarter net income of \$33 million (\$0.48 basic and \$0.47 diluted earnings per share), exclusive of previously announced gains and charges. This exceeds First Call's consensus estimate of \$0.39 diluted earnings per share.

The company reported its fifth straight year of profits, with annual net income of \$359 million (\$5.15 basic and \$4.89 diluted earnings per share), excluding special gains and charges.

Including special gains and charges, the company reported fourth quarter net income of \$167 million (\$2.46 basic and \$2.42 diluted earnings per share) and annual net income of \$455 million (\$6.54 basic and \$6.20 diluted earnings per share).

The company ended the year with its stock having appreciated 32.5 percent, highest of all the major U.S. airlines.

"In spite of high fuel prices and a tough revenue environment, we're the best positioned airline for the future," said Gordon Bethune, Continental Airlines' chairman and chief executive officer. "The market has recognized Continental's achievements and potential, as evidenced by our stock appreciation, which during 1999 and over the last five years has outperformed the industry."

Fourth Quarter Operating Results
(Exclusive of special gains and charges)

Fourth quarter passenger revenue rose 11.0 percent to \$2.0 billion. Traffic growth continued to outpace capacity increases, with a 13.3 percent increase in revenue passenger miles on a capacity increase of 10.5 percent. This resulted in a record load factor for the quarter of 71.3 percent.

Revenue per available seat mile (RASM) declined 1.0 percent for the quarter, driven by continued yield pressure in the transatlantic markets.

Domestic, Latin America and Micronesia operations recorded year-over-year increases in RASM. Detailed statistics by geographic region are shown below:

Fourth Quarter 1999 vs. Fourth Quarter 1998

	Passenger Revenue	RASM
Domestic	6.4%	1.2%
Transatlantic	22.4%	(14.1%)
Latin America	7.8%	6.8%
Micronesia	(8.3%)	20.7%
Transpacific	--- Not comparable ---	

Continental continued to enjoy domestic yield and length-of-haul adjusted RASM premiums to the industry. Five years ago, Continental lagged behind the industry average in both of these measures.

Over each of the last eleven quarters, Continental Express' traffic growth has exceeded capacity increases (on a quarter-over-quarter basis) by a strong margin. In the fourth quarter, Continental Express' capacity increased 35.5 percent while traffic jumped 43.9 percent, resulting in a load factor increase of 3.7 percentage points.

As previously announced, Continental is early retiring six DC-10-30 aircraft (bringing to 13 the total DC-10-30 aircraft that will have been early retired by the end of this year), and replacing certain of those aircraft with narrowbody aircraft in select European markets which have been underperforming in the

current revenue environment.

"We're pleased with the way our traffic growth exceeded our 1999 capacity additions," said Greg Brenneman, Continental's president and chief operating officer. "However, we have been unable to recover the dramatic increase in fuel prices in our revenues."

Surging fuel prices drove Continental's cost per available seat mile 3.2 percent higher in the fourth quarter as compared to the prior year. On a constant fuel price basis, the company was able to hold unit costs flat year-over-year, as newer, more fuel-efficient aircraft entered the fleet.

"If fuel costs for the fourth quarter of 1999 remained as they were in the fourth quarter of 1998, our pre-tax income would have exceeded last year's results," said Larry Kellner, Continental's executive vice president and chief financial officer. "However, if high fuel costs continue without an improvement in the revenue environment, the company may not post a profit in the first quarter of 2000, as we have in the past four years."

During the fourth quarter, Continental announced a joint marketing initiative with KLM Royal Dutch Airlines, moving one step closer to forming a global strategic alliance. The company also acquired a 28 percent stake in Gulfstream International Airlines, a privately held regional carrier serving Florida and the Caribbean.

Additionally, Continental launched non-stop service from Houston to Sao Paulo, Brazil, and Continental Express added service to Saltillo and Torreon, Mexico.

Continental also entered into an agreement with Northwest, Delta and United airlines to create an independently owned travel website. To date, 27 U.S. and foreign carriers, including American and US Airways, have signed up to join the web-based travel service.

Continental's own website continued to gain momentum, with online bookings increasing 174 percent year-over-year and e-ticket sales as a percent of total sales increasing to 47 percent during the fourth quarter.

Fourth Quarter Financial Accomplishments

During the fourth quarter, Continental continued its previously announced \$1.2 billion stock repurchase program. To date, the company has repurchased 18.7 million shares of Class B common stock for \$799 million.

In connection with its stock repurchase program, Continental has held preliminary discussions with Northwest Airlines concerning the acquisition by Continental of all the Class A stock of Continental currently held by Northwest. The alliance between Continental and Northwest is beneficial to both carriers, and any transaction would be designed to preserve and strengthen the benefits of the alliance. Continental desires to simplify its equity capital structure and is committed to continuing to repurchase outstanding equity. The company ended the year with cash and short-term investments of \$1.6 billion.

1999 Achievements

While posting its fifth straight year of profits, the company continued to receive top billing in customer satisfaction polls and achieved other significant milestones.

- For the second year in a row, Fortune Magazine ranked Continental among the 100 Best Companies to Work for in America, with the carrier moving up 17 positions on the list to No. 23 from No. 40. In addition, Continental was the largest employer of the top 42 corporations and was one of only two airlines to place on the list.
- In addition to being rated one of the most admired global airlines, Continental again won the J.D. Power award for customer satisfaction.
- During 1999, Continental took delivery of 58 new Boeing jets and currently flies the youngest jet fleet in the industry. The company retired 61 aircraft in 1999.
- A record 46 million passengers flew Continental last year, boosting the load factor to an all-time record high of 73.2 percent.
- E-ticket sales soared to new heights. For all of 1999,

e-ticket sales accounted for 41 percent of total sales. Continental's website is rated No. 1 among airline websites in consumer polls, including the prestigious Forrester poll.

- The company continued to deliver on its promise to bring employees up to industry-standard wages. Additionally, the company paid employees \$26 million in on-time performance bonuses and gave away 16 new Ford Explorers for perfect attendance. On Feb. 14, the company will distribute approximately \$62 million (4.3 percent of eligible wages) in 1999 profit sharing to its employees.

Corporate Background

Continental Airlines is the fifth largest airline in the U.S., offering more than 2,200 departures daily to 136 domestic and 87 international destinations. Operating major hubs in New York, Houston and Cleveland, Continental (www.continental.com) has extensive service throughout the Americas, and to Europe and Asia.

-- tables attached --

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES FINANCIAL SUMMARY - EXCLUDING SPECIAL GAINS AND CHARGES (In millions of dollars)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	% Increase/ (Decrease)
Operating Revenue:			
Passenger	\$2,016	\$1,817	11.0 %
Cargo and mail	90	73	23.3 %
Other	52	49	6.1 %
	2,158	1,939	11.3 %
Operating Expenses:			
Wages, salaries and related costs	628	619	1.5 %
Aircraft fuel	259	173	49.7 %
Aircraft rentals	201	177	13.6 %
Maintenance, materials and repairs	149	127	17.3 %
Commissions	137	135	1.5 %
Other rentals and landing fees	132	104	26.9 %
Depreciation and amortization	94	79	19.0 %
Other	473	397	19.1 %
	2,073	1,811	14.5 %
Operating Income	85	128	(33.6) %
Nonoperating Income (Expense):			
Net interest expense	(27)	(17)	58.8 %
Other, net	(4)	-	NM
	(31)	(17)	82.4 %
Income before Income Taxes	54	111	(51.4)%
Income Tax Provision	(21)	(42)	(50.0)%
Distributions on Preferred Securities of Trust, Net of Tax	-	(3)	NM
Net Income, excluding special gains and charges	\$ 33	\$ 66	(50.0)%

Note: Results for the three months ended December 31, 1999 exclude the positive impact to net income of \$134 million from the net gains on the sales of Amadeus Global Travel Distribution, S.A., Equant N.V. and other assets, the fleet disposition/impairment loss for the DC10-30's and other items, and the effect of the change in accounting for the sale of frequent flyer mileage credits.

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
FINANCIAL SUMMARY
(In millions of dollars)

	Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	% Increase/ (Decrease)
Operating Revenue:			
Passenger	\$2,010	\$1,817	10.6 %
Cargo and mail	90	73	23.3 %
Other	52	49	6.1 %
	2,152	1,939	11.0 %
Operating Expenses:			
Wages, salaries and related costs	628	619	1.5 %
Aircraft fuel	259	173	49.7 %
Aircraft rentals	201	177	13.6 %
Maintenance, materials and repairs	149	127	17.3 %
Commissions	137	135	1.5 %
Other rentals and landing fees	132	104	26.9 %
Depreciation and amortization	94	79	19.0 %
Fleet disposition/impairment losses	81	-	NM
Other	473	397	19.1 %
	2,154	1,811	18.9 %
Operating Income (Loss)	(2)	128	NM
Nonoperating Income (Expense):			
Net interest expense	(27)	(17)	58.8 %
Gain on sale of Amadeus	297	-	NM
Other, net	5	-	NM
	275	(17)	NM
Income before Income Taxes	273	111	NM
Income Tax Provision	(106)	(42)	NM
Distributions on Preferred Securities of Trust, Net of Tax	-	(3)	NM
Net Income	\$ 167	\$ 66	NM

Note: Certain reclassifications have been made to prior year's financial results to conform to current year presentation.

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
FINANCIAL SUMMARY - EXCLUDING SPECIAL GAINS AND CHARGES
(In millions of dollars)

	Year Ended December 31, 1999	Year Ended December 31, 1998	% Increase/ (Decrease)
Operating Revenue:			
Passenger	\$8,148	\$7,456	9.3 %
Cargo and mail	303	275	10.2 %
Other	220	196	12.2 %
	8,671	7,927	9.4 %
Operating Expenses:			
Wages, salaries and related costs	2,510	2,218	13.2 %
Aircraft fuel	771	727	6.1 %
Aircraft rentals	771	659	17.0 %
Maintenance, materials and repairs	603	582	3.6 %
Commissions	576	583	(1.2)%
Other rentals and landing fees	497	414	20.0 %
Depreciation and amortization	360	294	22.4 %

Other	1,870	1,627	14.9 %
	7,958	7,104	12.0 %
Operating Income	713	823	(13.4)%
Nonoperating Income (Expense):			
Net interest			
expense	(107)	(64)	67.2 %
Other, net	(21)	11	NM
	(128)	(53)	NM
Income before Income			
Taxes	585	770	(24.0)%
Income Tax Provision	(226)	(293)	(22.9)%
Distributions on Preferred			
Securities of Trust,			
Net of Tax	-	(13)	NM
Net Income, excluding special			
gains and charges	\$ 359	\$ 464	(22.6)%

Note: Results for the year ended December 31, 1999 exclude the positive impact to net income of \$96 million from the net gains on the sales of Amadeus, Equant and other assets, the fleet disposition/impairment loss for the DC10-30's and other items, and the effect of the changes in accounting for start-up costs and the sale of frequent flyer mileage credits.

Results for the year ended December 31, 1998 exclude the negative impact to net income of \$81 million from the fleet disposition/impairment charge for the early retirement of certain jet and turboprop aircraft and the extraordinary loss on early extinguishment of debt.

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
FINANCIAL SUMMARY
(In millions of dollars)

	Year Ended December 31, 1999	Year Ended December 31, 1998	%
			Increase/ (Decrease)
Operating Revenue:			
Passenger	\$8,116	\$7,456	8.9 %
Cargo and mail	303	275	10.2 %
Other	220	196	12.2 %
	8,639	7,927	9.0 %
Operating Expenses:			
Wages, salaries and related			
costs	2,510	2,218	13.2 %
Aircraft fuel	771	727	6.1 %
Aircraft rentals	771	659	17.0 %
Maintenance, materials and			
repairs	603	582	3.6 %
Commissions	576	583	(1.2)%
Other rentals and landing			
fees	497	414	20.0 %
Depreciation and			
amortization	360	294	22.4 %
Fleet dispositions/impairment			
losses	81	122	(33.6)%
Other	1,870	1,627	14.9 %
	8,039	7,226	11.3 %
Operating Income	600	701	(14.4)%
Nonoperating Income (Expense):			
Net interest			
expense	(107)	(64)	67.2 %
Gain on sale of			
Amadeus	297	-	NM
Other, net	8	11	(27.3)%
	198	(53)	NM
Income before Income Taxes,			
Cumulative Effect of Accounting			
Changes and Extraordinary			
Charge	798	648	23.1 %
Income Tax Provision	(310)	(248)	25.0 %
Distributions on Preferred			
Securities of Trust,			
Net of Tax	-	(13)	NM
Income before Cumulative Effect			
of Accounting Changes			
and Extraordinary			
Charge	488	387	26.1 %

Cumulative Effect of Accounting Changes, Net of Tax	(33)	-	NM
Extraordinary Charge, Net of Tax	-	(4)	NM
Net Income	\$ 455	\$ 383	18.8 %

Note: Certain reclassifications have been made to the prior year's financial results to conform to current year presentation.

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
STATISTICS - EXCLUDING SPECIAL GAINS AND CHARGES
(jet operations only) (a)

	Three Months Ended December 31, 1999	1998	% Increase/ (Decrease)
Enplanements (thousands)	11,347	10,637	6.7 %
Revenue passenger miles (millions)	14,972	13,219	13.3 %
Available seat miles (millions)	20,985	18,988	10.5 %
Passenger load factor	71.3%	69.6%	1.7 pts.
Breakeven passenger load factor	68.4%	63.2%	5.2 pts.
Passenger revenue per available seat mile (cents)	8.73	8.82	(1.0)%
Total revenue per available seat mile (cents)	9.53	9.56	(0.3)%
Cost per available seat mile (cents)	9.16	8.88	3.2 %
Average yield per revenue passenger mile (cents)	12.23	12.66	(3.4) %
Average price per gallon of fuel, excluding fuel taxes (cents)	63.45	44.36	43.0 %
Average price per gallon of fuel, including fuel taxes (cents)	67.42	48.40	39.3 %
Fuel gallons consumed (millions)	384	372	3.2 %
Actual aircraft in fleet at end of period (b)	363	363	-
Average stage length	1,128	1,057	6.7 %

	Year Ended December 31, 1999	1998	% Increase/ (Decrease)
Enplanements (thousands)	45,540	43,625	4.4 %
Revenue passenger miles (millions)	60,022	53,910	11.3 %
Available seat miles (millions)	81,946	74,727	9.7 %
Passenger load factor	73.2%	72.1%	1.1 pts.
Breakeven passenger load factor	65.2%	61.6%	3.6 pts.
Passenger revenue per available seat mile (cents)	9.10	9.23	(1.4) %
Total revenue per available seat mile (cents)	9.85	9.95	(1.0) %
Cost per available seat mile (cents)	9.03	8.89	1.6 %
Average yield per revenue passenger mile (cents)	12.43	12.79	(2.8)%
Average price per gallon of fuel, excluding fuel taxes (cents)	47.31	46.83	1.0 %
Average price per gallon of fuel, including fuel taxes (cents)	51.51	51.20	0.6 %
Fuel gallons consumed (millions)	1,542	1,487	3.7 %
Actual aircraft in fleet			

at end of period (b)	363	363	-
Average stage length	1,114	1,044	6.7 %

Note: Continental has entered into block space arrangements with certain other carriers whereby one or more of the Parties is obligated to purchase capacity on the other carrier. The tables above do not include the statistics for the capacity that was purchased by another carrier.

- (a) Excludes regional jets operated by Continental Express
(b) Excludes four and six all-cargo 727 aircraft at CMI in 1999 and 1998, respectively

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
EARNINGS PER SHARE - EXCLUDING SPECIAL GAINS AND CHARGES
(In millions, except per share data)

	Three Months Ended December 31, 1999		Three Months Ended December 31, 1998	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net Income	\$167	\$167	\$ 66	\$ 66
Special Gains and Charges	(134)	(134)	-	-
Net Income excluding Special Gains and Charges	33	33	66	66
Net Interest Added Back on Convertible Securities	-	-	-	5
Adjusted Net Income	33	33	66	71
Shares Used for Computation	67.7	68.9	61.3	78.3
Earnings Per Share Excluding Special Gains and Charges	\$0.48	\$0.47	\$1.08	\$0.91

	Year Ended December 31, 1999		Year Ended December 31, 1998	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Net Income	\$455	\$455	\$383	\$383
Special Gains and Charges	(96)	(96)	81	81
Net Income excluding Special Gains and Charges	359	359	464	464
Net Interest Added Back on Convertible Securities	-	4	-	20
Adjusted Net Income	359	363	464	484
Shares Used for Computation	69.5	73.9	60.3	80.3
Earnings Per Share Excluding Special Gains and Charges	\$ 5.15	\$ 4.89	\$ 7.68	\$ 6.03

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
EARNINGS PER SHARE
(In millions, except per share data)

Three Months Ended December 31, 1999	Three Months Ended December 31, 1998	%
		Increase/ (Decrease)

Earnings per Common Share	\$ 2.46	\$ 1.08	127.8 %
Earnings per Common Share Assuming Dilution	\$ 2.42	\$ 0.91	165.9 %
Shares used for Computation:			
Basic	67.7	61.3	10.4 %
Diluted	68.9	78.3	(12.0)%

	Year Ended December 31, 1999	Year Ended December 31, 1998	% Increase/ (Decrease)
Earnings per Common Share:			
Income Before Cumulative Effect of Accounting Changes and Extraordinary Charge	\$ 7.02	\$ 6.40	9.7 %
Cumulative Effect of Accounting Changes	(0.48)	-	NM
Extraordinary Charge	-	(0.06)	NM
Net Income	\$ 6.54	\$ 6.34	3.2 %
Earnings per Common Share Assuming Dilution:			
Income Before Cumulative Effect of Accounting Changes and Extraordinary Charge	\$ 6.64	\$ 5.06	31.2 %
Cumulative Effect of Accounting Changes	(0.44)	-	NM
Extraordinary Charge	-	(0.04)	NM
Net Income	\$ 6.20	\$ 5.02	23.5 %
Shares used for Computation:			
Basic	69.5	60.3	15.3 %
Diluted	73.9	80.3	(8.0)%

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