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 26, 1995

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

Delaware	0-09781	74-2099724
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

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

Item 5.Other Events.

On January 26, 1995, Continental Airlines, Inc. (the "Company") issued a press release announcing a preliminary unaudited loss of $131.8 million, before an expected non-operating restructuring charge in the range of $400 million, and describing a new corporate strategy that has been adopted by the Company's Board of Directors. The new corporate strategy includes, among other things, plans to reduce operations at certain airport facilities, ground certain aircraft and propose the modification of certain aircraft leases and debt amortization schedules. As a part of its strategy, the Company has begun discussions with certain of its aircraft lessors to provide alternative compensation in lieu of cash payments, which could include securities convertible into equity. The Company is also discussing with certain of its major lenders modifications to existing debt amortization schedules. Pending such discussions, the Company is not making payments to these lessors and lenders that otherwise are required under current agreements.

Attached hereto as Exhibit 99.1, and incorporated herein by reference, is the Company's January 26, 1995 press release.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Press Release, dated January 26, 1995.

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/ Daniel P. Garton
Daniel P. Garton
Senior Vice President and
Chief Financial Officer

February 2, 1995

EXHIBIT INDEX

99.1 Press Release, dated January 26, 1995.

FOR IMMEDIATE RELEASE CONTACT: CORPORATE COMMUNICATIONS
(713) 834-5080

CONTINENTAL AIRLINES REPORTS PRELIMINARY 1994 RESULTS;
OUTLINES PLAN TO RETURN TO PROFITABILITY

HOUSTON, Jan. 26, 1995 -- Continental Airlines (NYSE: CAI.A and CAI.B) today reported a preliminary unaudited operating loss for the 1994 fourth quarter of $2.3 million compared to an $8.5 million operating profit in the fourth quarter of 1993, while the preliminary unaudited loss, before restructuring charges, for the quarter is expected to be $41.9 million, against a net loss of $26.5 million last year. The 1993 fourth quarter loss included a tax benefit of $12.4 million. Total revenues for both fourth quarter periods were $1.4 billion.

For the full year 1994, the carrier reported preliminary unaudited operating income of $23.8 million and a preliminary unaudited loss, before restructuring charges, of $131.8 million on revenues of $5.7 billion. (Comparison with full-year 1993 operating results is not meaningful due to fresh-start reporting which took effect April 27, 1993.) Year-end consolidated cash was approximately $400 million.

As a result of previously announced decisions made by management in late 1994, the company is reducing operations of certain airport facilities, grounding aircraft and proposing the modification of certain aircraft leases. The analysis of the financial impact of these decisions has not been completed, but is expected to result in a non-operating charge in the range of $400 million in 1994. The company expects to report final results in March.

Continental Airlines also today announced a series of sweeping changes designed to return the airline to profitability in 1995 and strengthen its balance sheet. The airline's new corporate strategy, known as the Go Forward Plan, is designed to solidify Continental's domestic hub operations, reduce costs by shrinking excess capacity and improve customer service.

As part of the airline's plan, Continental will place in service 27 new, more efficient aircraft this year for its North America operation. It has entered into discussions with The Boeing Company and engine manufacturers to defer for approximately two years aircraft and engine deliveries which were to occur after 1995.

As previously announced, Continental is removing 24 less efficient widebody aircraft from operations over the next several months. Continental is in discussion with the lessors of these aircraft, and certain other lessors, to provide, effective February 1, 1995, alternative compensation, which could include securities convertible into equity, in lieu of cash payments for the aircraft it no longer plans to fly and on 18 aircraft leases that are significantly above market rates.

These discussions relate to approximately 13 percent of Continental's fleet, with the remainder of the fleet and its related leases being unaffected.

In addition, Continental is discussing with certain other major lenders modifications to existing debt amortization schedules so as to enhance the airline's capital structure. Pending discussions, Continental will not be making payments to these lenders and lessors otherwise required under the current contracts.

All other creditors will be unaffected.

NEW BOARD MEMBER

Continental announced it has named Charles A. Yamarone, 36, as a new board member. Yamarone is executive vice president and research director at Los Angeles-based Libra Investments, a brokerage and investment banking firm.

GO FORWARD PLAN

The Go Forward Plan, which has been approved by the company's board of directors and is supported by its major shareholders, including Air Partners and Air Canada, encompasses four key strategic components: Fund The Future, Fly To Win, Make Reliability a Reality and Working Together.

Specifically, the plan includes the following: strengthening domestic hub operations by increasing frequencies and improving schedules; reducing by one-third Continental Lite flying (almost exclusively Lite linear system); downgauging aircraft and overall reducing capacity by removing 21 widebody A300s, three 747s and accelerating retirement of 17 727 aircraft, while modernizing its domestic fleet this year by placing in service 22 737s and five 757s which are smaller, more efficient aircraft; improving customer service by upgrading the industry-leading OnePass frequent flyer program to its previous status; tying employee wage increases to on-time performance; maintaining the current low-cost position by reducing staff by up to 4,000 positions to match the reduction in capacity and eliminating other non-value added costs.

"Significant change is underway at Continental to help us meet aggressive goals for the future," said President and Chief Executive Officer Gordon M. Bethune. "Key strategic strength in our four hubs and low operating costs will be leveraged for maximum benefit. We will continue to attack underperforming routes, non-value added costs, unsatisfactory service levels, and any perception that we can't be the number one airline for our customers."

FUND THE FUTURE

The actions outlined today, combined with an emphasis on revenue generation and continued strict control over other capital expenditures are expected to improve Continental's cash position by at least several hundred million dollars over the next two years.

FLY TO WIN

Fly To Win is a comprehensive business plan incorporating pricing, scheduling, cost reduction and marketing programs designed to maximize efficiencies and assure optimum revenues from every flight segment.

The company is in the process of executing a system-wide job reduction plan which corresponds to the reduction in capacity. Beginning this month and continuing through summer, the company will eliminate up to 4,000 jobs including executive and management positions at its headquarters and in the field.

The new alliance with America West Airlines is expected to produce further efficiencies as the two carriers work to maximize synergistic benefits of ground-handling and customer service agreements, as well as the code-sharing agreement.

Last week Continental announced it has reinstated several popular elements of its award-winning OnePass frequent flyer program, while strengthening its relationship with travel agents. The award-winning international BusinessFirst cabin is being expanded from 26 to 38 seats on certain aircraft in response to strong customer demand on routes from North America to London and Paris. Readers of London-based Executive Travel magazine recently rated Continental the best North American airline for transatlantic travel based on 20 different service features.

MAKE RELIABILITY A REALITY

The airline's renewed emphasis on reliability entails improving operational performance and on-time reliability system wide. The airline has named two executives to improve its on-time performance, baggage handling and customer satisfaction.

In addition, it has tied the restoration of employee longevity pay increases to on-time performance. Employees have been notified that a planned wage snap-back scheduled for March 31 will not take place, given that the airline is not profitable. Instead, a new self-funding performance-based plan will take effect. Employees will have the opportunity to earn extra pay each month as the company meets operating performance targets related to Department of Transportation on-time arrival statistics. Bethune has scheduled a series of employee meetings for the week of Feb. 6 to outline the new plan.

WORKING TOGETHER

In support of the tangible service improvements, Continental is making changes to the working environment to benefit employees. The goal is to get all employees to work together as a team while improving operational performance and customer service. Reinforcing the new senior management's open-door policy, company leaders have hosted hundreds of employees for informal get-togethers in the executive offices, with more sessions scheduled. Dozens of headquarters workers reported to hub airports during the peak holiday travel periods to provide support for the customer service staff.

In addition to naming Gordon Bethune as CEO, over the past few months the company has added senior executives in pricing, scheduling, distribution, human resources, airport services and finance. All of these executives have successful track records at profitable companies.

Continental said it and the International Association of Continental Pilots have begun the mediation process with the National Mediation Board, and the two groups are meeting separately over the next week with the mediator in Florida for preliminary discussions. To date, many issues have been agreed tentatively upon. Additionally, the company has reached agreement with its pilot union to implement a company-offered leave of absence program and early out program that both parties believe will substantially reduce the impact on the pilot group as the fleet is reduced in size.

Also supporting this aspect of the Go Forward Plan are numerous suppliers who have joined Continental in meeting higher standards for efficiency and cost-effectiveness in parts inventory, overhaul and distribution.

Continental is the nation's fifth largest airline serving 161 cities on five continents. The Houston-based airline celebrated its 60th anniversary in 1994, and currently employs approximately 40,000 people including approximately 4,000 pilots, 5,600 flight attendants, 9,500 full-time and part-time customer service staff, and 4,500 reservation personnel.

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES
STATISTICS (Jet Operations Only)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	1994	1993	1994	1993
Enplanements (thousands) . .	10,709	9,684	42,202	38,628
Revenue passenger miles (millions)	10,434	9,844	41,588	42,324
Available seat miles (millions)	17,229	15,764	65,861	67,011
Passenger load factor. . . .	60.6%	62.4%	63.1%	63.2%
Breakeven passenger load factor.	60.4%	60.7%	62.4%	63.3%
Passenger revenue per available seat				

mile (cents)	6.84	7.24	7.22	7.17
Cost per available seat mile (cents).	7.49	7.83	7.80	7.96
Average yield per revenue passenger mile (cents) . .	11.29	11.59	11.44	11.35
Average price per gallon of fuel (cents).	55.78	58.48	53.52	59.59
Fuel gallons consumed (thousands) . . .	344,979	320,716	1,348,781	1,333,326
Actual aircraft in fleet at end of period	330	316	330	316
Average stage length	723	797	727	856
Completion factor.	98.1%	97.5%	97.5%	98.2%
Number of employees.	41,700	42,200	41,700	42,200
Full-time equivalent employees.	37,800	38,800	37,800	38,800