

UNITED STATES
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): **March 17, 2005**

CONTINENTAL AIRLINES, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-10323

(Commission File Number)

74-2099724

(IRS Employer Identification No.)

1600 Smith Street, Dept. HQSEO, Houston, Texas

(Address of Principal Executive Offices)

77002

(Zip Code)

(713) 324-2950

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

<input type="checkbox"/>	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
<input type="checkbox"/>	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

On March 17, 2005, we provided an update for investors presenting information relating to our financial and operational outlook for the first quarter and full year 2005. The letter is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

a. Exhibits

99.1 Investor Update

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.

March 17, 2005

By /s/ Jennifer L. Vogel

Jennifer L. Vogel

Senior Vice President, General Counsel

and Secretary

EXHIBIT INDEX

99.1 Investor Update



DeAnne Gabel
Director - Investor Relations

Investor Update

Issue Date:

March 17, 2005

This update contains forward-looking statements that are not limited to historical facts, but reflect the company's current beliefs, expectations or intentions regarding future events. All forward-looking statements involve risks and uncertainties that could cause actual results to differ from those in the forward-looking statements. For examples of such risks and uncertainties, please see the risk factors set forth in the company's 2004 10-K and its other securities filings, which identify important matters such as the consequences of failing to timely achieve ratification and implementation of the tentative agreements with our unions concerning wage and benefit cost reductions, our significant financial losses and high leverage, terrorist attacks, domestic and international economic conditions, the significant cost of aircraft fuel, labor costs, competition and industry conditions including the demand for air travel, airline pricing environment and industry capacity decisions, regulatory matters and the seasonal nature of the airline business. Continental undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this update.

The guidance included herein assumes the tentative agreements are ratified and the wage and benefit reductions are implemented.

Current News

On February 28, 2005, Continental announced that it had reached tentative agreements on new contracts covering its pilots, flight attendants, mechanics, dispatchers and simulator technicians. Each of the agreements is subject to ratification by the members of each covered work group, and the effectiveness of each agreement is conditioned on ratification of each other agreement. Results of the ratification process for each of the agreements are expected by the end of March 2005. In addition, as previously announced, in late 2004 and early 2005, we finalized (but have not yet implemented) changes to wages, work rules and benefits for U.S.-based management and clerical, reservations, food services, airport and cargo agents and customer service employees. Our officers and Board of Directors implemented their reductions on February 28, 2005.

Cargo, Mail and Other Revenue: Continental estimates cargo, mail and other revenue will be approximately \$195 million for the first quarter 2005.

Fuel Hedges: Continental does not currently have any fuel hedges.

Tax Sharing Agreement with ExpressJet Holdings, Inc.

Continental expects to receive approximately \$25 million for the full year 2005 (approximately \$6.25 million per quarter) related to the tax-sharing agreement with ExpressJet. For more information regarding this tax-sharing agreement, please see our 2004 10-K.

Targeted Cash Balance

Continental anticipates ending the first quarter of 2005 with an unrestricted cash and short-term investments balance between \$1.3 and \$1.4 billion.

Debt & Capital Lease Payments

Debt Principal & Capital Lease payments for the first quarter are estimated to be approximately \$110 million.

Advanced Bookings - Six Week Outlook

Advanced bookings outlook by region through the end of April 2005 is as follows:

The booking curve has shifted due to Easter occurring in March this year versus April last year.

Domestic bookings through the end of March are strong and we expect the load factor for March to be up more than 6 points year-over-year ("yoy"). Domestic bookings for April are running slightly behind last year's. For the first quarter, we expect domestic yields will be down 5-6%.

Transatlantic advanced bookings through the end of March are about flat with last year. Advanced bookings for April are currently averaging down several points yoy but we expect April Transatlantic load factor will be about flat yoy. For the first quarter, we expect Transatlantic yields will be up 4-5%.

Latin bookings through the end of March are up significantly. Bookings for April are currently averaging about flat with last year but we expect Latin April load factor will be up 2-3 points yoy. For the first quarter, we expect Latin yields will be down 1-2%.

Pacific bookings through the end of March are about flat yoy. Bookings for April are averaging up several points yoy. We expect first quarter Pacific yields to be up several points yoy on flat yoy load factors.

2005 Estimated
Year-over-Year %Change

ASMs (Available Seat Miles)	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Domestic	(3.5)%	0.3%
Latin America	5.0%	2.5%
Transatlantic	17.5%	19.0%
Pacific	11.5%	11.5%
Total Mainline	2.7%	5.3%
Regional	14.0%	13.5%
Consolidated	4.0%	6.2%

2005 Estimate

Load Factor	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	77 - 78%	79 - 80%
Regional	71 - 72%	76 - 77%

2005 Estimate (cents)

Mainline Operating Statistics	<u>1st Qtr.(E)</u>
CASM (Cost per Available Seat Mile)	10.38 - 10.43
Less:	
Special items per ASM (a)	0.27
CASM Less Special Items (b)	10.11 - 10.16
Fuel Cost & Fuel Taxes per ASM	2.23
CASM Less Fuel, Fuel Taxes & Special Items (c)	7.88 - 7.93

2005 Estimate (cents)

Consolidated Operating Statistics	<u>1st Qtr.(E)</u>
CASM	11.20 - 11.25
Less:	
Special items per ASM (a)	0.24
CASM Less Special Items (b)	10.96 - 11.01
Fuel Cost & Fuel Taxes per ASM	2.38
CASM less Fuel, Fuel Taxes & Special Items (c)	8.58 - 8.63

Consolidated is defined as mainline plus regional.

2005 Estimate

Fuel Gallons Consumed	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Mainline	322 Million	1,370 Million
Regional	68 Million	295 Million
Fuel Price per Gallon (including fuel taxes)	\$1.44	\$1.52

2005 Estimated Amounts (\$Millions)

Selected Expense Amounts	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Aircraft Rent	\$227	\$932
Landing Fees & Other Rentals	\$171	\$725
Depreciation & Amortization	\$98	\$393
Net Interest Expense	\$85	\$315

Continental Airlines, Inc. Tax Computation

Due to accumulated losses, Continental has stopped recording income tax benefit on current and future book losses.

	2005 Estimate (\$Millions)
<u>Cash Capital Expenditures</u>	
Fleet & Fleet Related	\$50
Non-Fleet	135
Rotable Parts & Capitalized Interest	<u>35</u>
Total	\$220
Net Purchase Deposits	<u>(20)</u>
Total Cash Capital Expenditures	\$200

EPS Estimated Share Count

2005 First Quarter Basic Share Count:	66.6 Million
2005 Full Year Basic Share Count:	66.9 Million

Continental expects to incur a loss in the first quarter and a significant loss for the full year. For purposes of computing earnings per share, it is expected that the basic share count will be used. Basic share count does not include the dilution effect of any outstanding options (including options that would be issued in connection with the ratification of the tentative agreements with our unions) or common stock equivalents.

Reconciliation of GAAP to Non-GAAP Financial Information

Mainline	<u>1st Qtr. Range(E).</u>	
Operating Expenses - GAAP	\$ 2,160	\$ 2,170
Items Excluded		
Special Items (a)	(56)	(56)
Operating Expenses - Non-GAAP	\$ 2,104	\$ 2,114
Aircraft Fuel & Related Taxes	(464)	(464)
Operating Expenses - Non GAAP	\$ 1,640	\$ 1,651
ASMs (millions)	20,810	20,810
CASM-GAAP (cents)	10.38	10.43
CASM Excluding Special Items (cents) (b)	10.11	10.16
Fuel Cost & Related Taxes per ASM	2.23	2.23
CASM Excluding Fuel & Related Taxes - Non-GAAP (cents) (c)	7.88	7.93
Consolidated (Mainline plus Regional)	<u>1st Qtr. Range(E).</u>	
Operating Expenses - GAAP	\$ 2,638	\$ 2,650
Items Excluded		
Special Items (a)	(56)	(56)
Operating Expenses - Non-GAAP	\$ 2,582	\$ 2,594
Aircraft Fuel & Related Taxes	(562)	(562)
Operating Expenses - Non GAAP	\$ 2,020	\$ 2,032
ASMs (millions)	23,553	23,553
CASM-Non-GAAP (cents)	11.20	11.25
CASM Excluding Special Items (cents) (b)	10.96	11.01
Fuel Cost & Related Taxes per ASM	2.38	2.38
CASM Excluding Fuel & Related Fuel Taxes - Non-GAAP (cents) (c)	8.58	8.63

(a) Special items include \$56 million of anticipated pre-tax operating charges during the first quarter of 2005 in connection with freezing a portion of Continental's defined benefit pension plan.

(b) These financial measures provide management and investors the ability to measure and monitor Continental's performance on a consistent basis.

(c) Cost per available seat mile excluding fuel, related taxes and special items is computed by multiplying fuel price per

gallon, including fuel taxes, by fuel gallons consumed and subtracting that amount from operating expenses then dividing by available seat miles. This statistic provides management and investors the ability to measure and monitor Continental's cost performance absent special items and fuel price volatility. Both the cost and availability of fuel are subject to many economic and political factors and therefore are beyond our control.