

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): **December 29, 2004**

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))

Item 1.01. Entry into a Material Definitive Agreement.

On December 29, 2004, the Company and The Boeing Company entered into a new purchase agreement under which the Company agreed to acquire from Boeing ten new Boeing model 7E7 aircraft. The first 7E7 aircraft is scheduled to be delivered to the Company in 2009 and the last aircraft is scheduled to be delivered in 2011. The Boeing model 7E7 aircraft, which is still in the

final design stage, is Boeing's newest wide-body commercial jetliner. The new 7E7 purchase agreement is subject to the Company's selecting an engine for the new aircraft on or before June 1, 2008 and to the negotiation of certain exhibits to the purchase agreement and other definitive documents regarding technical matters prior to June 1, 2005.

In conjunction with the new 7E7 purchase agreement and the amendments to the Company's 737 purchase agreement with Boeing described below, the Company and Boeing Capital Corporation entered into a letter agreement for the lease to the Company of eight used Boeing model 757-300 aircraft. Under the letter agreement, which is also dated December 29, 2004, the 757-300 aircraft will be delivered to the Company on various dates in the second half of 2005 and January 2006. The initial term of the leases for these aircraft will be approximately five years on average, with renewal terms. The agreement is subject to certain terms and conditions, including the negotiation of mutually satisfactory definitive documents on or before February 28, 2005.

In connection with the Company's new 7E7 purchase agreement and the letter agreement with Boeing Capital, the Company and Boeing have also entered into a supplemental agreement dated December 29, 2004, which amends the Company's 737 purchase agreement with Boeing to accelerate the delivery dates for six firm order Boeing model 737 new generation aircraft from 2008 to 2006. This agreement takes effect on March 1, 2005.

Each of these agreements is subject to the condition that the Company's board of directors approve the transactions contemplated by the various agreements not later than February 28, 2005.

The press release announcing the order of the Boeing 7E7 aircraft, the lease of the Boeing 757-300 aircraft and the accelerated delivery of the Boeing 737-800 aircraft is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

a. Exhibits

- 99.1 Press Release Announcing Order of Boeing 7E7 Aircraft, Lease of 757-300 Aircraft and Accelerated Delivery of 737-800 Aircraft

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.

December 30, 2004

By /s/ Jeffrey J. Misner

Jeffrey J. Misner

Executive Vice President & Chief
Financial Officer

EXHIBIT INDEX



News Release

Contact: Corporate Communications

Houston: 713.324.5080

Email: corpcomm@coair.com

News archive: continental.com/news/ **Address:** P.O. Box 4607, Houston, TX 77210-4607

CONTINENTAL AIRLINES TO BECOME

FIRST MAJOR U.S. AIRLINE TO ORDER THE BOEING 7E7

Also announces plans to lease additional Boeing 757-300s starting in 2005 and accelerates deliveries of 737-800s into 2006

HOUSTON, Dec. 29, 2004 - Continental Airlines (NYSE: CAL) today announced that it has reached agreement with Boeing to become the first major U.S. airline to order the Boeing 7E7 aircraft, with the first 7E7 to be delivered in 2009. The company's initial 7E7 order is for 10 aircraft.

In addition, Continental has agreed to lease eight 757-300 aircraft from Boeing. The 757-300 aircraft will be delivered to Continental beginning in July 2005. Continental has also agreed to accelerate into 2006 the delivery of six Boeing 737-800 aircraft that were previously scheduled to be delivered in 2008. Boeing has agreed to provide backstop lease financing for the 737 aircraft.

"The 7E7 will be an important part of our international growth strategy," said Gordon Bethune, Continental's chairman and CEO. "With it we can continue to differentiate our award winning service and our consistently growing international network."

"The 7E7 is the widebody of the future for Continental and will provide the platform for our long-term international growth," said Larry Kellner, Continental's president and COO. "Leasing these additional 757 and 737 aircraft will be another step in outdistancing our competitors in this rapidly changing environment."

The agreement with Boeing for the 10 7E7 aircraft, the eight 757-300 aircraft, and the acceleration of the six 737-800 aircraft are subject to several conditions, including the approval of Continental's board of directors on or before Feb. 28, 2005, and in the case of the 7E7 agreement, the negotiation of an engine supply arrangement for the 7E7 aircraft acceptable to Continental. The company expects to finalize its \$500 million in annual wage and benefit cost reductions by Feb. 28, 2005, and believes it will receive approval from its board for the additional aircraft, provided that the company's business case for the aircraft includes a cost structure that will allow the aircraft to generate a positive return to Continental.

Continental Airlines is the world's sixth-largest airline with more than 3,000 daily departures throughout the Americas, Europe and Asia. Continental serves 151 domestic and 120 international destinations - more than any other airline in the world - and nearly 400 additional points are served via SkyTeam alliance airlines. With more than 41,000 employees, the airline has hubs serving New York, Houston, Cleveland and Guam, and carries approximately 51 million passengers per year. In 2004, Continental has earned awards and critical acclaim for both its operation and its corporate culture. *FORTUNE* ranks Continental one of the 100 Best Companies to Work For in America, an honor it has earned for six consecutive years, and also ranks Continental as the top airline in its Most Admired Global Companies in 2004. The carrier won major awards at the 2004 OAG Airline of the Year Awards including "Airline of the Year," "Best Airline Based in North America" and "Best Executive/Business Class." For more company information, visit continental.com.



Continental Airlines becomes the first major U.S. airline to order Boeing's new 7E7 "Dreamliner" aircraft. The carrier said the highly efficient widebody aircraft will put it ahead of competitors when it deploys the 7E7 on international routes from its New York and Houston hubs starting in 2009.

Photo and caption is available with the release via PR newswire.

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