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): **February 28, 2005**

CONTINENTAL AIRLINES, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-10323	**74-2099724**
(Commission File Number)	(IRS Employer Identification No.)

1600 Smith Street, Dept. HQSEO, Houston, Texas	**77002**
(Address of Principal Executive Offices)	(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):

☐	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 3.03. Material Modifications to Rights of Securities Holders.

As discussed below, on February 28, 2005 the Company reached tentative agreements with it major unions. The Company's agreement with the Air Line Pilots Association ("ALPA") includes a provision prohibiting the Company from declaring any cash dividends or purchasing for cash any of the Company's common stock until the Company has made cumulative contributions to the pilots' defined benefit plan of at least $500 million.

The tentative agreement with ALPA is subject to a ratification vote by union membership, which is expected to be completed by the end of March 2005. If the agreement is ratified, the provision described above would become effective as of the date of the ratification. If the agreement is not ratified, the provision will not take effect and will be null and void.

Item 8.01. Other Events.

On February 28, 2005, the Company issued a press release announcing that the Company has reached tentative agreements on new contracts with the unions representing the Company's pilots, flight attendants, mechanics and dispatchers. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

On February 28, 2005, the Company also issued a press release announcing its plan to issue stock options to its employees for approximately 10 million shares of Continental's Class B Common Stock. The 10 million shares represent approximately 15% of the currently outstanding common stock of Continental or approximately 13% on a fully distributed basis. The press release is furnished herewith as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

c. Exhibits.

Exhibit 99.1 Press Release for Tentative Agreements

Exhibit 99.2 Press Release for Employee Stock Options

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.

February 28, 2005	By /s/ Jennifer Vogel
	Jennifer L. Vogel
	Senior Vice President, General Counsel and Secretary

EXHIBIT INDEX

99.1	Press Release for Tentative Agreements
99.2	Press Release for Employee Stock Options

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 REACHES TENTATIVE

AGREEMENTS ON NEW CONTRACTS WITH PILOTS,

FLIGHT ATTENDANTS, MECHANICS AND DISPATCHERS

HOUSTON, Feb. 28, 2005 - ***Continental Airlines (NYSE: CAL) today issued the following bulletin to its employees announcing that it has reached tentative agreements with its union groups:***

Continental today announced it has reached tentative agreements on new contracts covering the company's pilots, flight attendants, mechanics and dispatchers following negotiations with the Air Line Pilots Association International, the International Association of Machinists and Aerospace Workers, the International Brotherhood of Teamsters, and the Transport Workers Union.

Each of the unions is preparing detailed communications to its membership to explain the agreements, which are subject to union leadership approvals and ratification by each covered work group. The tentative agreements covering pilots and flight attendants are subject to internal union approval processes before submission of the agreements for pilot and flight attendant ratification. The company is not releasing details of the agreements in order to allow the unions to directly communicate with their members. Results of the ratification process for each of the agreements are expected by the end of March 2005.

The company expects the wage and benefit reductions for all employees to become effective at the end of March. Wage and benefit reductions for airport, cargo, reservations, Chelsea food services, management and clerical employees were scheduled to take effect today. However, these reductions will be deferred until the end of March to coincide with other work groups' reductions.

The company's officers and its board of directors will implement their reductions on Feb. 28.

Ratification of the agreements will put Continental on a path for success, with the ability to grow its network and the potential to achieve consistent profitability.

"I want to thank the unions' leadership and negotiating teams for working tirelessly through this process," Chairman and Chief Executive Officer Larry Kellner said. "I know a reduction in pay and benefits is painful. However, these agreements, along with the reductions from the rest of our work groups, will put in place the tools we need to be successful and grow our company, securing the careers and retirement of all Continental employees. We will all continue to work together to deliver a strong future for Continental and its people."

Because of Continental's success in reaching these tentative agreements by Feb. 28, The Boeing Company and Continental have agreed to extend for one month the period for board approval of their previously announced aircraft acquisition agreement, allowing time for ratification of these tentative agreements. The aircraft acquisition agreement will permit the company to grow by leasing eight 757-300 aircraft starting this summer, accelerating delivery of six Boeing 737-800 aircraft into 2006, and acquiring 10 Boeing 787 aircraft beginning in 2009.

The tentative agreements, along with previously announced pay and benefit reductions for other work groups, conclude the negotiation process with all employees, except some Continental Micronesia (CMI) and international employees. The pay and benefits of international employees must be adjusted in accordance with laws and regulations of the various countries. Continental expects to complete the process with these remaining employees in the near future.

The company expects to achieve approximately $500 million of annual cost savings on a run-rate basis when its agreements with its various work groups are implemented. This excludes the non-cash cost of approximately 10 million stock options that the company expects to issue to its employees in connection with the pay and benefit reductions and accruals for certain non-cash costs or charges relating to items contained in the tentative agreements. Further, the company's ability to achieve certain of the cost reductions will depend on timely and effective implementation of new work rules, actual productivity improvement, implementation of technology and other items, the timing and full impact of which are difficult to estimate at this time.

Continental Airlines is the world's sixth-largest airline with more than 3,000 daily departures throughout the Americas, Europe and Asia. The carrier serves 152 domestic and 122 international destinations, more than any other carrier in the world. Nearly 400 additional points are served via SkyTeam alliance airlines, which include Aeromexico, Air France/KLM, Alitalia, CSA Czech Airlines, Delta Air Lines, Korean Air and Northwest Airlines. With 41,000 employees, Continental has hubs serving New York, Houston, Cleveland and Guam, and carries approximately 55 million passengers per year.

Continental consistently earns awards and critical acclaim for both its operation and its corporate culture. For the second consecutive year, *FORTUNE* magazine named Continental the No. 1 Most Admired Global Airline on its 2005 list of Most Admired Global Companies. Continental was also included in the publication's annual "Top 50" list, which ranks all companies, across a wide variety of industries, that appear in the Global Most Admired Companies issue. Continental 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.

This press release 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 2003 10-K and its other securities filings, which identify important matters such as the consequences of failing to achieve the $500 million reduction in annual payroll and benefit costs by Feb. 28, 2005, 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, the airline pricing environment and industry capacity decisions, regulatory matters and the seasonal nature of the airline business. In addition to t he foregoing risks, there can be no assurance that the tentative agreements will be ratified or, if ratified, the company will be able to achieve the cost reductions expected as a result of such agreements, which will depend, among other matters, on timely and effective implementation of new work rules, actual productivity improvement, employee attrition, technology implementation, our level of business activity, relations with employees generally and the ultimate accuracy of certain assumptions on which our cost savings estimates are based. 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 report.

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CAL 05025

EXHIBIT 99.2

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 ISSUE STOCK OPTIONS TO EMPLOYEES IN CONNECTION WITH PAY AND BENEFIT REDUCTIONS

HOUSTON, Feb. 28, 2005 - ***Continental Airlines (NYSE:CAL) today issued the following bulletin to its employees:***

Continental today announced that it plans to issue to its employees stock options for approximately 10 million shares of Continental's common stock in connection with the previously announced pay and benefit reductions. The 10 million shares represent approximately 15 percent of the currently outstanding shares of common stock of Continental.

This program applies to all U.S.-based employees, except officers and members of Continental's board of directors, and international employees where practical based on foreign laws and regulations.

The employee option grant is subject to New York Stock Exchange (NYSE) acceptance of Continental's application for an exception to the NYSE's shareholder approval requirement for grants of equity to employees. In connection with the application, the audit committee of Continental's board of directors today determined that the delay necessary in obtaining shareholder approval would seriously jeopardize the financial viability of the company.

"These stock options will be a powerful incentive that reinforces our culture of working together to win together," said Larry Kellner, Continental's chairman and chief executive officer. "Combined with our enhanced profit sharing plan, the options will give employees a meaningful stake in the company's future success."

The company anticipates that the options will be issued by the end of March 2005, subject to the ratification of union agreements and the NYSE's acceptance of Continental's exemption request described above. Each stock option grant will represent the right to acquire shares of Continental common stock at the closing price of the common stock on the NYSE on the date of grant. The options will become exercisable in three equal installments on the first, second and third anniversaries of the date of grant, and will have a term ranging from six to eight years.

Continental will release a Q and A for its employees later this week that will address further details of the program.

The securities discussed herein have not been registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

This press release 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 2003 10-K and its other securities filings, which identify important matters such as the consequences of failing to achieve the $500 million reduction in annual payroll and benefit costs by Feb. 28, 2005, 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, the airline pricing environment and industry capacity decisions, regulatory matters and the seasonal nature of the airline business. In addition to the foregoing risks, there can be no assurance that any or all of the options will be granted, which depends on achieving the previously announced wage and benefit cost reductions and the New York Stock Exchange's acceptance of the company's application for an exception to applicable shareholder approval requirements.

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