

CONTINENTAL AIRLINES INC /DE/  
Form 11-K  
March 28, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 11-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the period ended December 31, 2004

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the transition period from \_\_ \_ to \_\_\_\_\_

Commission File Number 333-113444

A. Full title of the plan and address of the plan, if different from that of the issuer named below:

CONTINENTAL AIRLINES, INC.

2004 Employee Stock Purchase Plan

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

Continental Airlines, Inc.  
1600 Smith Street, Dept. HQSEO  
Houston, Texas 77002

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INDEPENDENT AUDITORS' REPORT

Sponsor and Participants

Continental Airlines, Inc.

2004 Employee Stock Purchase Plan:

We have audited the accompanying statement of net assets available for benefits of the Continental Airlines, Inc. 2004 Employee Stock Purchase Plan (the "Plan") as of December 31, 2004, and the related statement of changes in net assets available for benefits for the period from April 1, 2004 (date of inception) through December 31, 2004. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2004, and the changes in net assets available for benefits for the period from April 1, 2004 (date of inception) through December 31, 2004 in conformity with accounting principles generally accepted in the United States of America.

/s/ Mir-Fox & Rodriguez, P.C.

Houston, Texas

March 24, 2005

CONTINENTAL AIRLINES, INC.

2004 EMPLOYEE STOCK PURCHASE PLAN

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS

AS OF DECEMBER 31, 2004

ASSET:

Receivable from Plan Sponsor	\$ 2,379,836
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LIABILITY:

Distributions due to Plan participants for the purchase of stock	<u>(2,379,836)</u>
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Net assets available for benefits \$ \_\_\_\_\_ -

See accompanying notes to financial statements.

CONTINENTAL AIRLINES, INC.  
2004 EMPLOYEE STOCK PURCHASE PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE  
FOR BENEFITS FOR THE PERIOD FROM APRIL 1, 2004  
(DATE OF INCEPTION) THROUGH DECEMBER 31, 2004

ADDITIONS TO NET ASSETS:

Participant contributions \$ 8,066,750

DEDUCTIONS FROM NET ASSETS:

Distributions to Plan participants for the purchase of stock (4,871,430)

Withdrawals from Plan (3,195,320)

CHANGE IN NET ASSETS AVAILABLE FOR BENEFITS -

NET ASSETS AVAILABLE FOR BENEFITS:

Beginning of period \_\_\_\_\_ -

End of period

\$ \_\_\_\_\_ -

See accompanying notes to financial statements.

CONTINENTAL AIRLINES, INC.  
2004 EMPLOYEE STOCK PURCHASE PLAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2004

1. DESCRIPTION OF PLAN

The Continental Airlines, Inc. 2004 Employee Stock Purchase Plan (the "Plan") is a self-funded contributory stock purchase plan which provides Continental Airlines, Inc. (the "Plan Sponsor" or the "Company") and Participating Company employees the option to purchase Continental Airlines, Inc. Class B common stock (the "stock") at a discounted price. The following description provides only general information. Participants should refer to the Plan for a complete description of the Plan's provisions.

General

- The Plan was adopted by the Plan Sponsor during 2004 to allow eligible employees to purchase Plan Sponsor stock (up to 3,000,000 shares in the aggregate) at a discounted price. Any employee of the Plan Sponsor who is employed on a grant date (April 1, 2004, and thereafter, on the first day of each successive July, October, January and April) is eligible to participate in the Plan as of such grant date. The purchase price per share offered under the Plan with respect to any grant date is equal to 85% of the lower of the fair market value of the stock on the date of grant or on the last day of the applicable fiscal quarter. However, in any, event the minimum purchase price that may be paid by a participant may not be less than \$10 per share. Further, if the fair market value of a share of stock on the date of grant or the last day of the fiscal quarter would result in a purchase price less than the \$10 per share minimum price, then the purchase price will be \$10 per share. This may result in a purchase price that is greater than 85% of the fair market value of the stock on the date of grant or on the last day of the applicable fiscal quarter. In any event, the purchase price per share may not be more than the fair market value of a share of stock on the last day of the fiscal quarter. Participant contributions will be returned to the participant if the fair market value of a share of stock on the last day of the fiscal quarter is less than \$10. Unless an employee has previously withdrawn from the Plan, shares will be issued as soon as practical after the end of the fiscal quarter based on contributions for that quarter. Employee payroll deductions under the Plan are included within the general funds of the Plan Sponsor and are subject to the creditors of the Plan Sponsor.

Continued

CONTINENTAL AIRLINES, INC.

2004 EMPLOYEE STOCK PURCHASE PLAN

NOTES TO FINANCIAL STATEMENTS (Continued)

Contributions

- Contributions are made by Plan participants who each designate a percentage to be deducted from his or her compensation for each pay period.

Each participant's contributions may not be less than 1% nor exceed 10% of his or her eligible compensation (with a maximum limit of \$25,000 of fair market value of stock per year). No interest is paid or credited to any participant for Plan contributions.

Withdrawals

- A participant may, upon request, withdraw their total contributions, suspend or resume his or her payroll deductions and, on one occasion during each purchase period, may reduce their contributions prospectively.

Administrative Expenses

- The Human Resources Committee of the Board of Directors of the Plan Sponsor administers the Plan. The expenses of administering the Plan are paid by the Plan Sponsor.

Vesting

- At all times, each Plan participant has a fully vested right to all cash amounts withheld from his or her paychecks. For a period of six months after the date of purchase, a Plan participant may not sell or otherwise transfer or dispose of the shares issued in connection with such purchase.

Plan Termination

- The Plan may be terminated by the Board of Directors of the Plan Sponsor at any time. The Plan shall terminate on December 31, 2014.

**• SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements are presented on the accrual basis of accounting. The receivable from the Plan Sponsor represents accumulated payroll deductions less amounts disbursed for withdrawals. The liability due to participants represents accumulated payroll deductions to be used for the purchase of Plan Sponsor stock on behalf of the Plan participants.

Continued

CONTINENTAL AIRLINES, INC.  
2004 EMPLOYEE STOCK PURCHASE PLAN  
NOTES TO FINANCIAL STATEMENTS (Continued)

• **INCOME TAXES**

The right to purchase shares of common stock under the Plan is intended to constitute an option granted by the Plan Sponsor pursuant to an "employee stock purchase plan" within the meaning of Section 423 of the Internal Revenue Code, and such shares, for tax purposes, shall be treated in accordance with the provisions thereof.

An employee is not considered to have income for Federal income tax purposes from the granting of a right to purchase shares. Amounts deducted from an employee's compensation do not reduce the amount of his or her income for tax purposes.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed on behalf of the Plan by the undersigned, thereunto duly authorized official.

CONTINENTAL AIRLINES, INC.

2004 EMPLOYEE STOCK PURCHASE PLAN

Date: March 25, 2005

by:

/s/ Chris Kenny

Chris Kenny

Vice President and Controller

(Principal Accounting Officer)