

Continental Airlines  
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	2004	2003	2002	
Revenue:	\$9.7B	\$8.9B	\$8.4B	*Risk*
Net Inc:	-\$409M	\$38M	-\$451M	<b>HIGH</b>
EPS:	-\$5.49	\$0.58	-\$7.02	
DOW:	10,443.63	NASDAQ: 2,121.46	S&P: 1,215.63	

Date: Sept 26, 2005  
 Time: 4:30 pm  
 Stock Price: \$9.61  
 52 Wk: \$7.63-\$16.60  
 Dividend: --

<p><b>Company Info</b></p> <p>Continental Airlines Inc operates more than 2,500 daily departures throughout the Americas, Europe and Asia consisting of 130 domestic and 113 international destinations. The airline operates under the traditional Hub system out of Newark International (NJ), George Bush Intercontinental (TX) and Hopkins International (OH). ExpressJet is their regional services all of the Continental Hubs. The U.S. Dept of Transportation has also given Continental tentative approval to initiate service from Newark to Beijing. The airline was able to win \$418 million in concessions from labor groups. Continental operates 349 mainline jets and 245 regional jets.</p> <table border="1" style="width:100%"> <tr> <th>CEO</th> <th>Pay</th> <th>Employees</th> <th>Profit</th> </tr> <tr> <td>Larry Kellner</td> <td>NA</td> <td>NA</td> <td>-3%</td> </tr> </table>	CEO	Pay	Employees	Profit	Larry Kellner	NA	NA	-3%	<p><b>Operating Drivers</b></p> <div style="border: 1px solid black; padding: 5px;"> <p><b>Revenues Per Available Seat Mile</b></p> </div> <div style="border: 1px solid black; padding: 5px;"> <p><b>Revenue Drivers</b></p> </div>
CEO	Pay	Employees	Profit						
Larry Kellner	NA	NA	-3%						

**News**

- CAL began operating flights out of Houston on Sunday, Sept 25 following Hurricane Rita
- Delta and Northwest Airlines filed for bankruptcy on September 14<sup>th</sup> under pressures from Hurricane Katrina, rising fuel cost and an inability to raise fares
- Earlier this month CAL filed with the SEC to sell a bag of mixed securities and debt that is not to exceed \$1 billion
- On February 25<sup>th</sup> Larry Kellner agreed to have his salary and long-term performance comp cut by 25%

**Weaknesses**

- CAL expects to lose hundreds of millions of dollars in 2005 even if \$500 million in proposed wage and benefit costs go into effect
- CAL has no fuel hedges in place for 2005 despite fluctuating oil prices
- Heavily dependent on Boeing to supply airplanes

**Why it's a speculative buy**

- It offers an attractive price that may allow investors to benefit from the upcoming holiday season
- The stock is not for the faint of heart given that the current market environment of high fuel cost, competition from low cost carriers and labor contract disputes leave many hurdles for CAL to overcome
- Post Sept 11, 2001 then CEO Gordon Bethune and President Larry Kellner deferred salary for the remainder of the year
- CAL has a support level that bottoms out in the \$9 range
- Continental went through 2 bankruptcies during the 90's which may allow it to avoid bankruptcy in the near term

**Personal Position**

- I own CAL in a brokerage account at this time

Sources: Continental Airlines Inc 10K (2005), finance.yahoo.com