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## **FORM 425**

**CONTINENTAL AIRLINES INC /DE/ - CAL**

**Filed: May 03, 2010 (period: )**

Filing of certain prospectuses and communications in connection with business combination transactions

Filed by UAL Corporation  
Pursuant to Rule 425 under the Securities Act of 1933  
and deemed filed pursuant to Rule 14a-12  
under the Securities Exchange Act of 1934

Subject Company: Continental Airlines, Inc.  
Commission File No.: 1-10323



# Let's Fly Together

May 3, 2010

# Important Information For Investors And Stockholders

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. The proposed merger of equals transaction between UAL Corporation ("UAL") and Continental Airlines, Inc. ("Continental") will be submitted to the respective stockholders of UAL and Continental for their consideration. UAL will file with the Securities and Exchange Commission ("SEC") a registration statement on Form S-4 that will include a joint proxy statement of Continental and UAL that also constitutes a prospectus of UAL. UAL and Continental also plan to file other documents with the SEC regarding the proposed transaction. INVESTORS AND SECURITY HOLDERS OF CONTINENTAL ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS THAT WILL BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and stockholders will be able to obtain free copies of the joint proxy statement/prospectus and other documents containing important information about UAL and Continental, once such documents are filed with the SEC, through the website maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by UAL will be available free of charge on UAL's website at [www.united.com](http://www.united.com) under the tab "Investor Relations" or by contacting UAL's Investor Relations Department at (312) 997-8610. Copies of the documents filed with the SEC by Continental will be available free of charge on Continental's website at [www.continental.com](http://www.continental.com) under the tab "About Continental" and then under the tab "Investor Relations" or by contacting Continental's Investor Relations Department at (713) 324-5152.

UAL, Continental and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from the stockholders of Continental in connection with the proposed transaction. Information about the directors and executive officers of Continental is set forth in its proxy statement for its 2010 annual meeting of stockholders, which was filed with the SEC on April 23, 2010. Information about the directors and executive officers of UAL is set forth in its proxy statement for its 2010 annual meeting of stockholders, which was filed with the SEC on April 30, 2010. These documents can be obtained free of charge from the sources indicated above. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC when they become available.

## Reconciliation of Non-GAAP Financial Measures

Financial measures highlighted in this presentation may be considered non-GAAP financial measures such as Earnings Before Income Tax, Depreciation, Amortization, and Rent ("EBITDAR") Margin excluding special items. Comparable GAAP financial measures and a reconciliation of GAAP financial measures to non-GAAP financial measures are available in the Appendix to this presentation.



# Forward-Looking Statements

## Cautionary Statement Regarding Forward-Looking Statements

This communication contains “forward-looking statements” within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts, but reflect Continental’s and UAL’s current beliefs, expectations or intentions regarding future events. Words such as “may,” “will,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements include, without limitation, Continental’s and UAL’s expectations with respect to the synergies, costs and other anticipated financial impacts of the proposed transaction; future financial and operating results of the combined company; the combined company’s plans, objectives, expectations and intentions with respect to future operations and services; approval of the proposed transaction by stockholders and by governmental regulatory authorities; the satisfaction of the closing conditions to the proposed transaction; and the timing of the completion of the proposed transaction.

All forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements, many of which are generally outside the control of Continental and UAL and are difficult to predict. Examples of such risks and uncertainties include, but are not limited to, (1) the possibility that the proposed transaction is delayed or does not close, including due to the failure to receive required stockholder or regulatory approvals, the taking of governmental action (including the passage of legislation) to block the transaction, or the failure of other closing conditions, and (2) the possibility that the expected synergies will not be realized, or will not be realized within the expected time period, because of, among other things, significant volatility in the cost of aircraft fuel, the high leverage and other significant capital commitments of Continental and UAL, the ability to obtain financing and to refinance the combined company’s debt, the ability of Continental and UAL to maintain and utilize their respective net operating losses, the impact of labor relations, global economic conditions, fluctuations in exchange rates, competitive actions taken by other airlines, terrorist attacks, natural disasters, difficulties in integrating the two airlines, the willingness of customers to travel by air, actions taken or conditions imposed by the U.S. and foreign governments or other regulatory matters, excessive taxation, further industry consolidation and changes in airlines alliances, the availability and cost of insurance and public health threats.

UAL and Continental caution that the foregoing list of factors is not exclusive. Additional information concerning these and other risk factors is contained in Continental’s and UAL’s most recently filed Annual Reports on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other SEC filings. All subsequent written and oral forward-looking statements concerning Continental, UAL, the proposed transaction or other matters and attributable to Continental or UAL or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. Neither Continental nor UAL undertakes any obligation to publicly update any of these forward-looking statements to reflect events or circumstances that may arise after the date hereof.





# Glenn Tilton

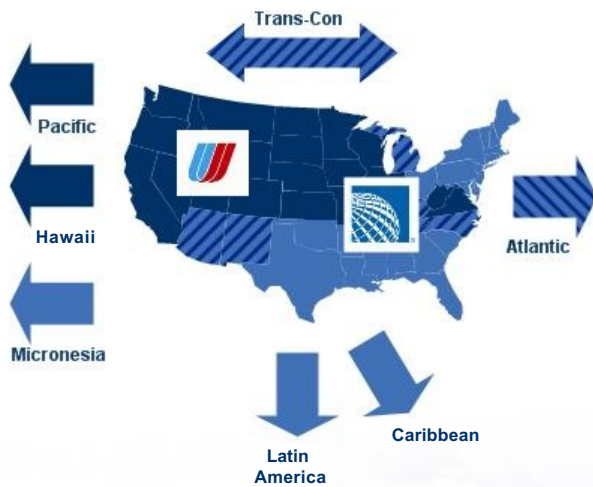
Chairman, President & CEO  
UAL Corporation

Today We're Proud to Introduce...



# The Right Deal

Combines The U.S. Industry's Two  
Most Complementary Networks



STAR ALLIANCE 

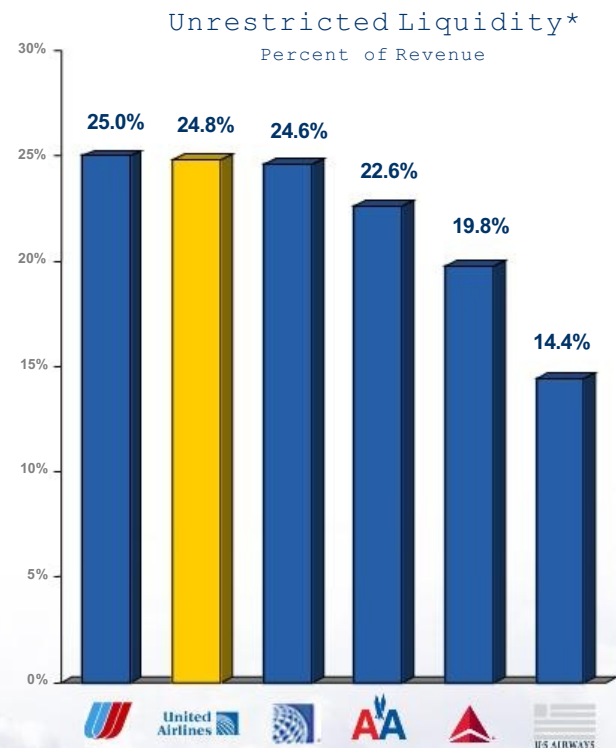
- Creates the world's most comprehensive global network
- Carriers of choice for business and premium travelers
  - Superior products and services
- Highly collaborative partnership built on strong alliance relationship
- Merger is pro-consumer and pro-competitive
- Shared commitment to safety and excellence in customer service and operational performance

United  
Airlines 

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# The Right Time

- Platform for sustainable profitability for our customers, our shareholders, our employees, and the communities we serve
- Current conditions provide the platform for structural change
  - Economic recovery taking hold
- Competitive landscape has fundamentally changed over the last 10 years
  - Consolidation reshaping the global competitive landscape
  - Consumers have a low cost carrier choice in 80% of all domestic markets



\* As of 3/31/2010; UAUA includes proceeds from Secured Note Financing

United  
Airlines

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## World-Class Global Airline Brings Together the Best of Both



- Providing customers and communities with access to an unparalleled network serving 370 destinations worldwide
- Award-winning customer service combining with industry-leading on-time performance
- Employees benefit from a stronger global competitor and improved long-term career prospects
- Platform for improved profitability and sustainable long-term value for shareholders
  - Targeted annual net synergies of \$1.0 billion to \$1.2 billion
  - Flexibility to adapt to industry dynamics as conditions change



# A True Merger of Equals

## Transaction

- All-stock transaction with a combined equity value of over \$8 billion
- CAL shareholders receive 1.05 UAUA shares per CAL share
- Ownership\*
  - 45% CAL shareholders
  - 55% UAUA shareholders

## Corporate Headquarters

- Corporate and operational headquarters in Chicago
- Significant presence maintained in Houston
- CEO to maintain offices in both Chicago and Houston

\* Measured as of April 30, 2010

## Corporate Structure

- Holding Company: United Continental Holdings, Inc.
- Airline name: United Airlines
- Marketing brand: Combination of Continental livery and logo and United name

## Management and Board Structure

- Glenn Tilton: Non-executive Chairman of the Board for two years
- Jeff Smisek: CEO; to become executive Chairman in two years
- Equitable and balanced selection of executives from both companies of roughly equal numbers
- Board consists of 6 independent directors from both companies, Glenn Tilton, Jeff Smisek, and 2 union representatives



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# Jeff Smisek

Chairman, President & CEO  
Continental Airlines, Inc.



## Substantial Benefits to All Stakeholders

Customers



Expanded global network and superior product and service

Communities



Enhanced service and single-carrier access to best global network through strategically located hubs

Employees



Improved long-term career opportunities and enhanced job stability

Shareholders

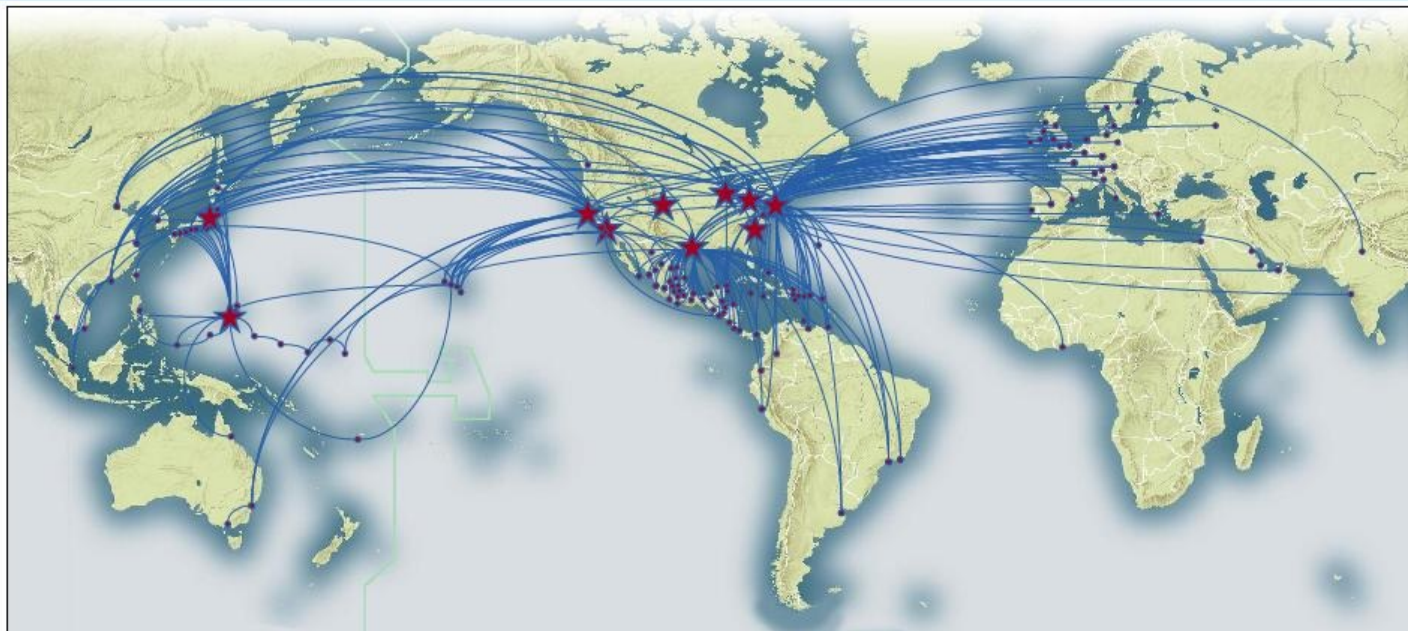


Platform for increased profitability and sustainable long-term value



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# World-Class Global Network



## Trans-Pacific Service

**31 Destinations**  
**14 Countries**  
**62 Daily Departures**

## Latin American & Caribbean Service

**72 Destinations**  
**24 Countries**  
**156 Daily Departures**

## Trans-Atlantic Service

**34 Destinations**  
**21 Countries**  
**74 Daily Departures**

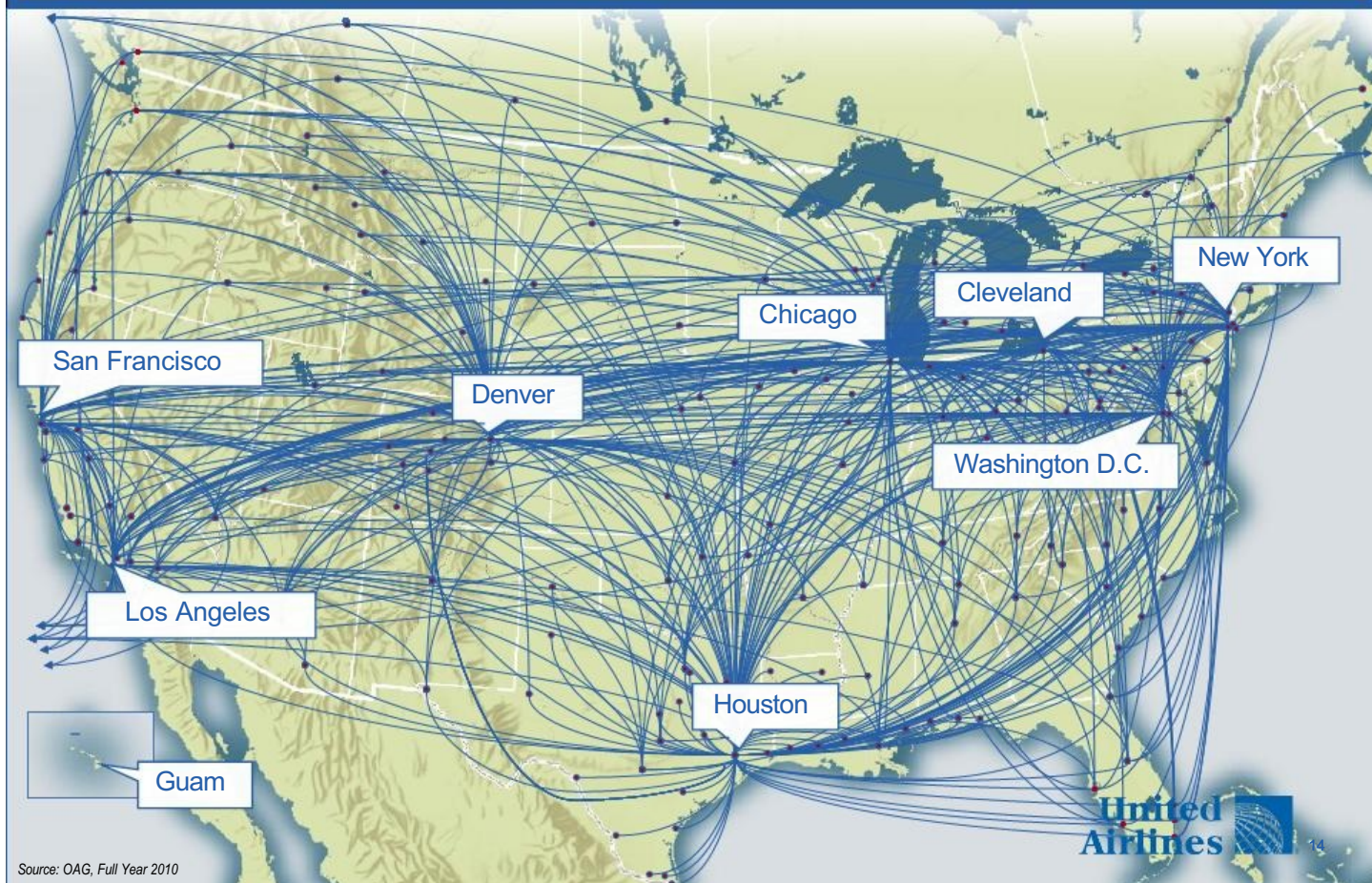
**United Airlines** 

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Source: OAG, Full Year 2010



# Comprehensive Domestic Network



# Superior Products and Services

*Combines best-in-class products and services from both companies*



- Continued commitment to award-winning customer service and industry-leading on-time performance
- Award-winning international premium seat products
- 69 lounges around the world
- Financial strength to invest in on-board product and state-of-the-art technology

United  
Airlines

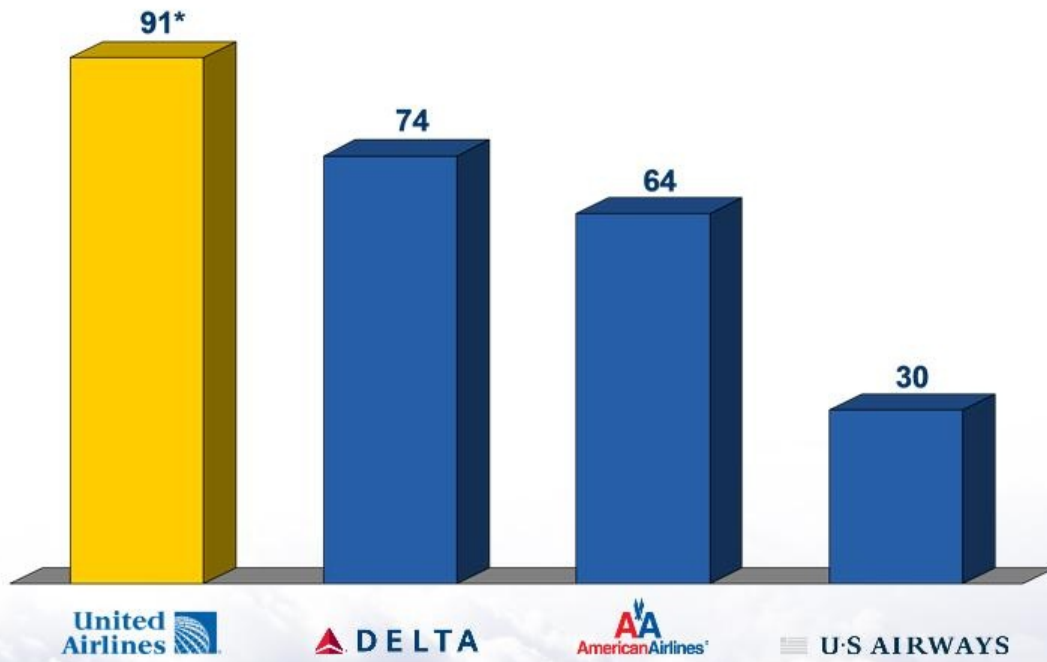


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# Industry-Leading Loyalty Program

2009 Frequent Flyer Program Total Members  
(millions)



\* Subject to overlap between current programs

Source: Based on data from public sources including 10-Ks

United Airlines 16

# Working Together



# Significant Synergies

*\$1.0 - \$1.2 Billion of Expected Net Annual Synergies by 2013*

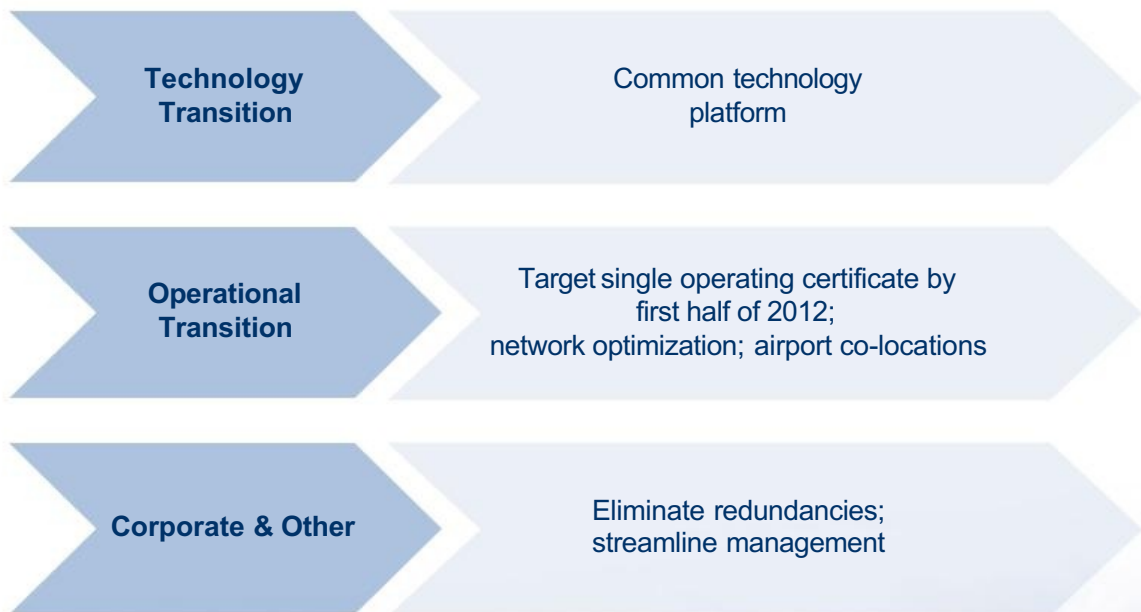
Synergies	Value
Revenue Synergies	\$0.8 - 0.9 billion
Net Cost Synergies	\$0.2 - 0.3 billion
<b>Total Expected Net Annual Synergies</b>	<b>\$1.0 - 1.2 billion</b>

- Improves efficiencies and eliminates redundancies
- Enhanced products and services will drive revenues

## Significant Revenue and Cost Synergies

- Greater ability to match capacity with demand, improve aircraft utilization and optimize connectivity
- Improved access from Continental's hubs to United's Asia network
- Improved access from United's hubs to Continental's Latin America and European networks
- Single-carrier network is very attractive to corporate customers
- Streamlined corporate overhead
- Efficiencies of combined marketing, sales and advertising functions
- Efficiencies of common IT platforms
- Facilities and service integration due to larger scale
- 75% of synergies expected to be achieved in second year, with full run-rate expected to be achieved in year three

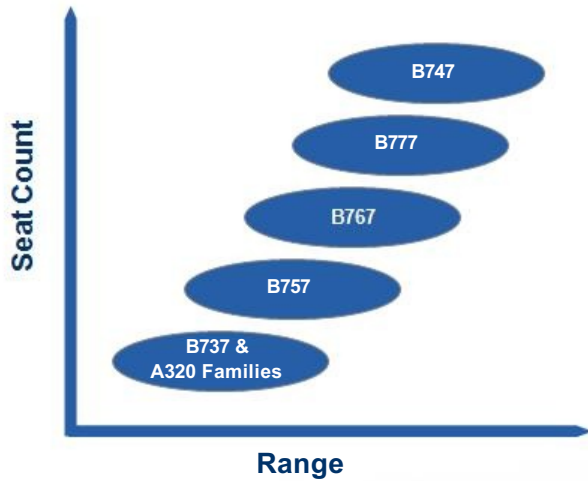
## Transition to Be Completed by 2013






- Expected one-time consolidation costs of \$1.2 billion over 3 years

# Fleet Optimization

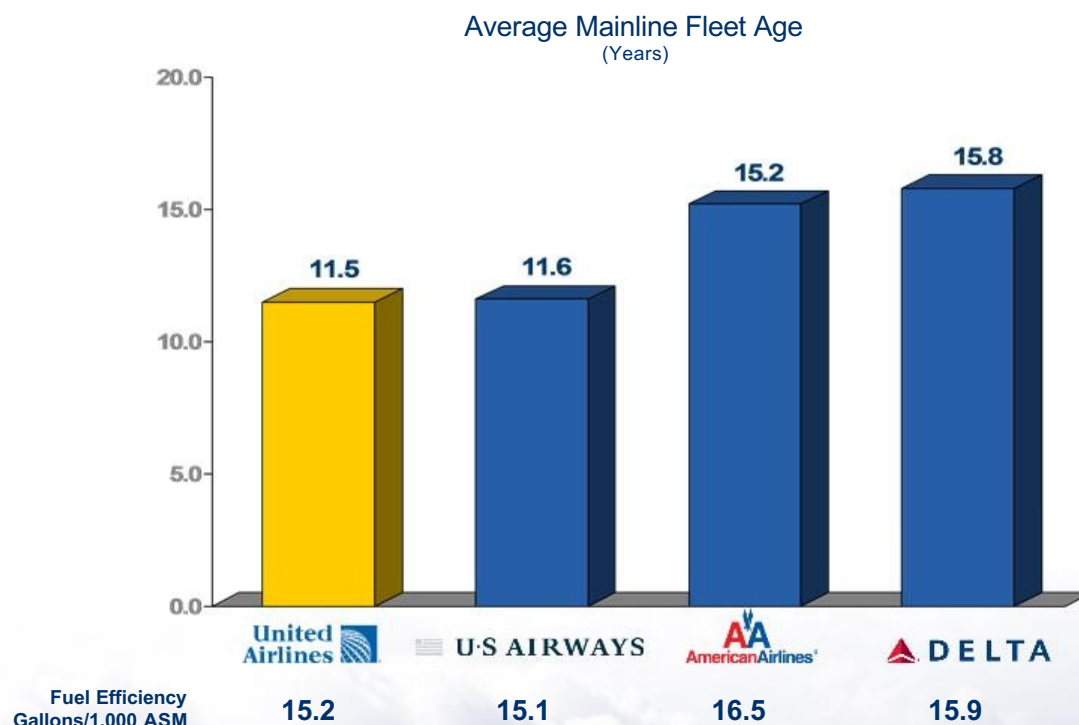
Aircraft Range and Capacity  
Current Mainline Fleet



Aircraft	 UNITED	 Continental Airlines	 United Airlines
Boeing 747	24	--	24
Boeing 777	52	20	72
Boeing 767	35	26	61
Boeing 757	96	61	157
Boeing 737	--	226	226
Airbus 320 Family	152	--	152
<b>Total</b>	<b>359</b>	<b>333</b>	<b>692</b>

- Utilizing right aircraft in the right markets
- Aircraft size and range offer flexibility to optimize gauge on routes to meet market demand

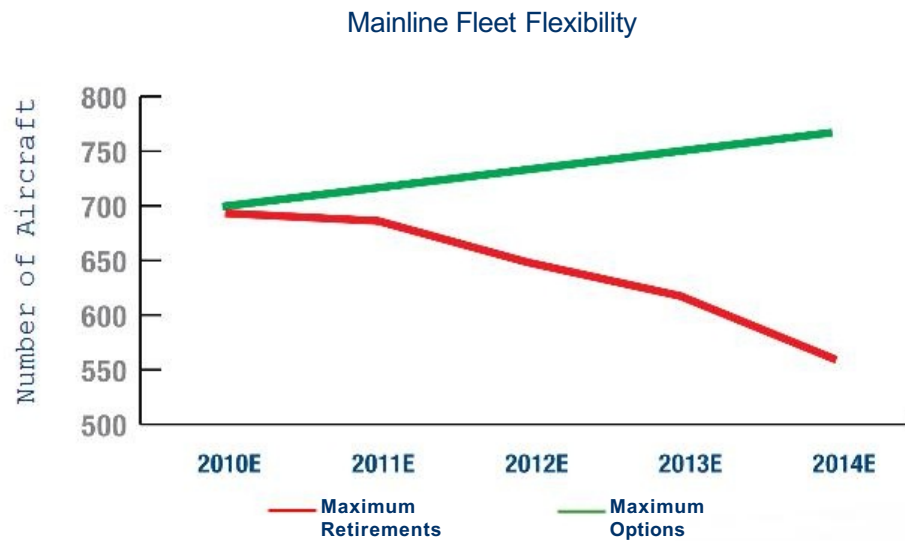
# Youngest Fleet Among Major U.S. Network Carriers



As of  
12/31/09

United Airlines  22

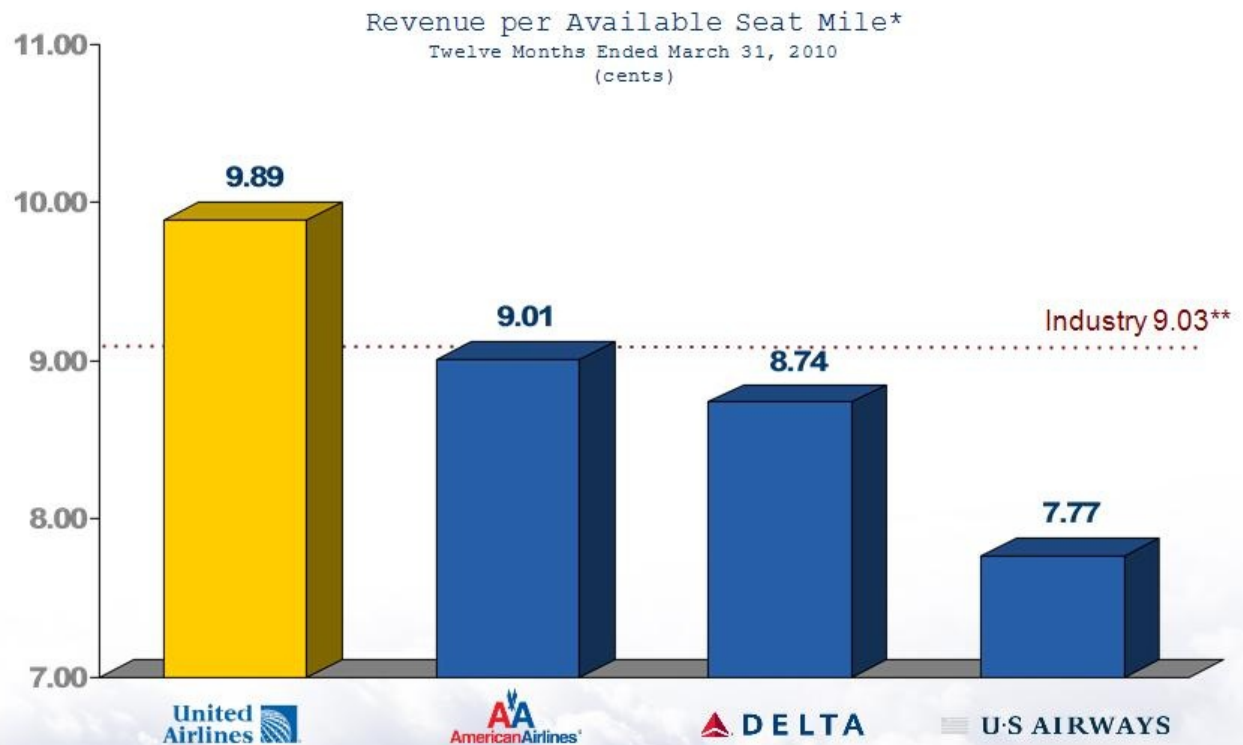
## Merger Creates Flexibility and Fleet Efficiency



- Combined fleet and best new order book in industry allow for maximum flexibility to better match aircraft capacity to network demand and to accelerate replacement of older aircraft with more fuel efficient aircraft with lower operating costs and less environmental impact



# Industry-Leading RASM



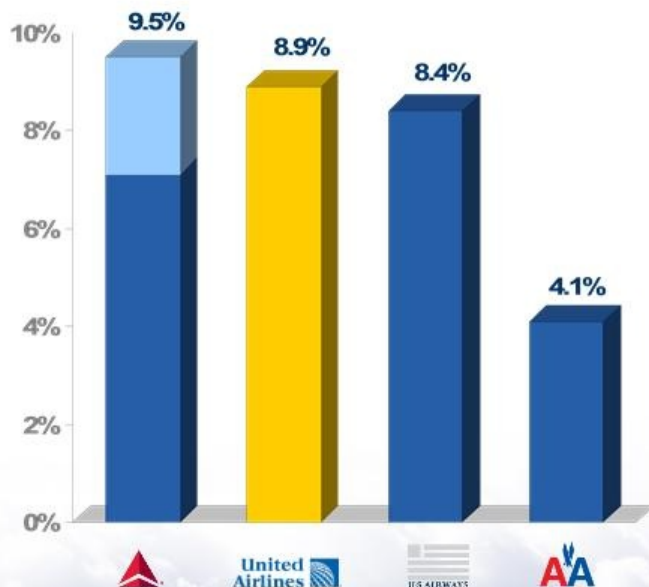
\* LOH adjusted; See Appendix  
\*\* Industry consists of all carriers  
shown

United Airlines 24

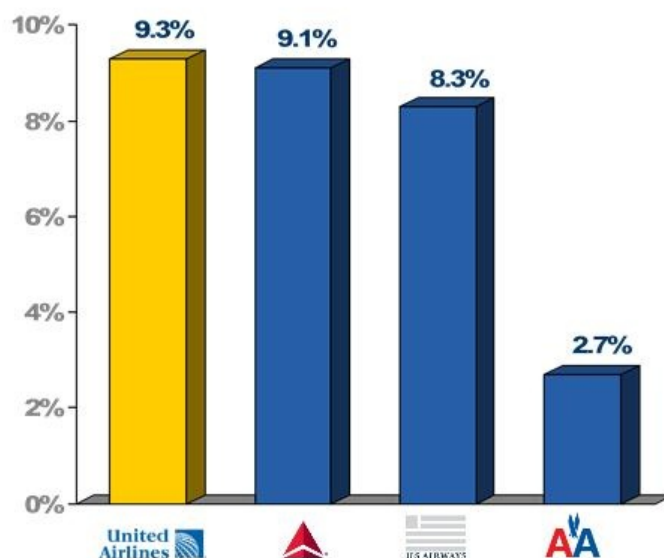
# Industry-Leading Margin Performance

EBITDAR Margin\*  
Excluding Special Items - Non-GAAP

Twelve Months Ended First Quarter  
2010



First Quarter 2010

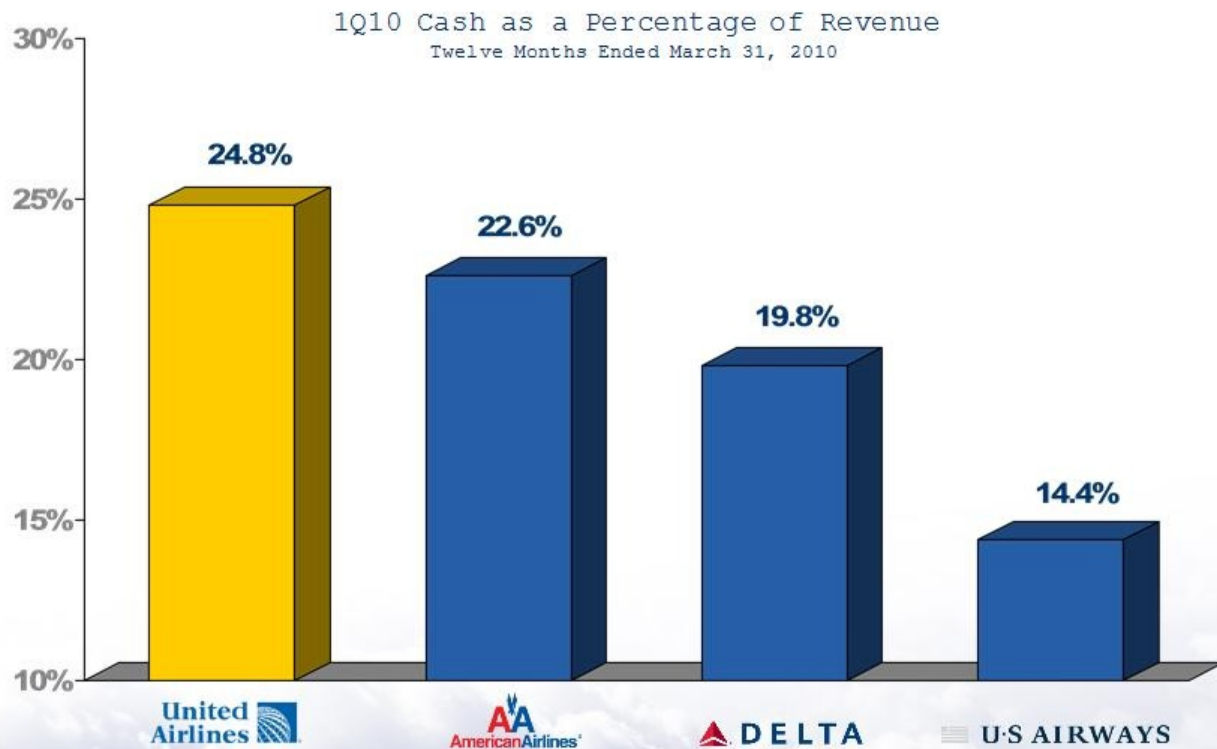


Delta shading represents \$700MM annual synergy reported in 4Q09 earnings release

\* See Appendix

United Airlines 25

## Industry-Leading Liquidity



United Airlines cash balances include proceeds of \$700MM from secured debt financing issued in 1Q10  
Cash balances include unrestricted cash, cash equivalents, and short-term investments. Excludes restricted cash

United Airlines  26

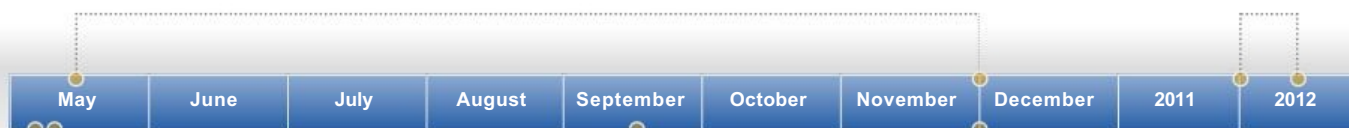
# Target: Complete Transaction by Year End

**May 2010 to Closing**

**Integration planning**

**First Half 2012**

**Single Operating Certificate**



**May 2010**

**File HSR notice**

**May 3, 2010**

**Sign Merger Agreement**

**September 2010**

**Shareholder approvals**

**November/December 2010**

**Closing**

**United Airlines**  27

# World's Leading Airline and Strong Global Competitor

## *Platform for Increased Profitability and Sustainable Long-Term Value*

- World-class global airline, with expanded reach and superior service
- Great employees committed to Working Together culture, operational excellence and customer service
- Strong competitor within U.S. and from U.S. to Asia, Europe, Latin America, Middle East and Canada
- Strategically located international gateways and well-placed domestic hubs in East, West, South and Midwest
- Complementary route networks with minimal domestic and no international route overlap
- Fuel efficient, modern fleet and best new aircraft order book among major U.S. network carriers
- Expected net annual synergies of \$1.0 billion to \$1.2 billion





# Questions & Answers



# Appendix

# Improved Benefits for Customers and Communities

## **World-Class Global Network**

- Broad coverage in Asia, Europe, Latin America and the Middle East from 10 hubs

## **Comprehensive Domestic Network**

- Strategically positioned hubs provide convenient access to U.S. travelers
- Enhanced service to small and medium sized communities

## **Complementary Networks Enhance Industry Competition**

- Combining the two most complementary U.S. networks, with minimal overlap, is pro-consumer and pro-competitive

## **Superior Products and Services**

- Award-winning products and services from both companies
- Committed to continued operational excellence and customer service

## **Industry-Leading Loyalty Program**

- Enhanced opportunities to earn and redeem miles
- Industry-leading elite benefits





# Comprehensive Global Network

International Network | 96 Unique Continental Destinations | 17 Unique United Destinations



# The Most Complementary Networks with Minimal Overlap

Domestic Network | 42 Unique Continental Destinations | 81 Unique United Destinations



Source: OAG, Full  
Year 2010

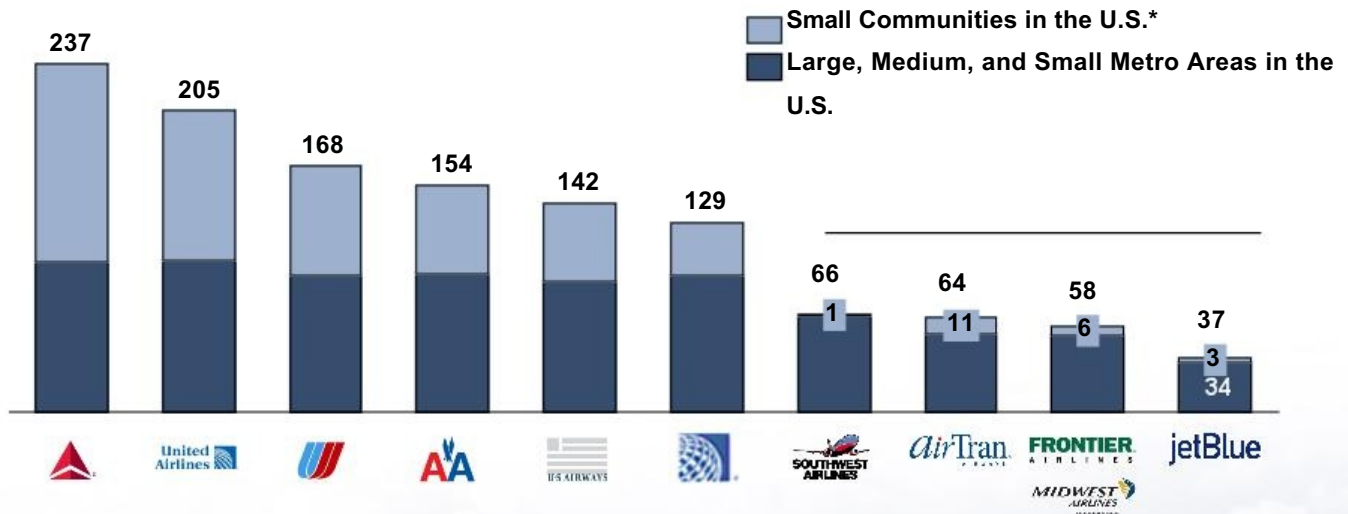
## The Most Complementary Networks with Minimal Overlap

- No international route overlaps
- Minimal domestic overlap (only 14 domestic overlaps)
- Hubs all subject to strong competition, with 76% of all domestic markets subject to low cost carrier competition
- Merger sustains and improves service to small communities and offsets risk to further reductions
- Enables new online destinations and connections and positions us to compete in new communities and routes
- Poses no significant competitive issues



# Breadth of Service Benefits Small Communities

*Provides access to more destinations, enhances choice and convenience*



Source: OAG Full Year 2010;

\*Small communities defined by the FAA as a non-metropolitan city that has been served by a low cost or legacy carrier between 1989 and 2009

United Airlines

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# Industry-Leading Loyalty Program

## Combined Networks Serve Leisure Destinations Customers Value

Europe	27
Asia	31
Florida	11
Latin America	47
Caribbean	25
Mountain West	62
Hawaii	4

- **Industry- Leading Frequent Flyer Program**

- Complimentary space-available domestic elite upgrades
- System-wide upgrades for top elites
- Priority check-in, pre-boarding and baggage benefits
- Elite recognition across Star Alliance

- **World's largest frequent flyer earnings and redemption network**

- Flights to 370 destinations
- Access to Star Alliance network with unparalleled global coverage
- Extensive mileage upgrade award opportunities
- Vast array of travel and retail partners for earning and redemption

- **Earn miles and other benefits with an unmatched**

- **choice of affinity cards**

- Card products include premium, debit and small business



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# Investors Benefit From Significant Synergies

## **Expected annual steady state synergies of \$1.0 - \$1.2B**

- Merger-enabled gains beyond what standalone companies or alliance can deliver
- Full synergy ramp-up expected by 2013

## **Optimized network, fleet and loyalty program**

- Expanded network presence and connecting opportunities will drive incremental traffic and revenue
- Right aircraft in the right market improves economics by better matching capacity with demand
- Unmatched loyalty program is more attractive to customers, retailers and partners

## **More efficient, more competitive carrier**

- Synergies strengthen CASM performance and competitiveness versus peers
- Builds on strong standalone track records of operational excellence



# Investors Benefit From Significant Synergies

## **Greater financial flexibility**

- Larger cash balance helps combined carrier to better withstand macro volatility
- Combined carrier has low fixed obligations compared to peers

## **Combined carrier more attractive to corporate customers**

- Increased frequencies
- Wider selection of destinations
- Loyalty program of choice in metro areas

## **Combined network creates nearly 1,000 new online connection options**





# GAAP to Non-GAAP Reconciliations



# Non-GAAP to GAAP Reconciliation

- Twelve Months Ending March 31, 2010 Length of Haul Adjusted Revenue per Available Seat Mile (RASM)
- *RASM formula: Yield \* Load Factor*
- *Length of Haul (LOH) formula: (Revenue Passenger Miles (RPMs) / Enplanements) \* 1000*
- *LOH Adjusted RASM formula: RASM \* (Carrier's LOH / CAL+UAUA's LOH) ^0.5*

	<u>CAL + UAUA</u>	<u>AMR</u>	<u>DAL</u>	<u>LCC</u>	<u>Industry**</u>
<u>LTM1Q10</u>					
Yield (cents)	11.91	12.40	11.43	11.87	11.87
Load Factor	83.1%	81.2%	83.4%	82.0%	82.6%
RASM (cents)	9.89	10.07	9.53	9.73	9.81
<u>LTM4Q09</u>					
RPMs (millions)	180,139	122,366	162,711	57,854	523,131
Enplanements (thousands)	101,143	85,719	108,584	50,975	346,420
LOH	1,781	1,428	1,499	1,135	1,510
Adjusted RASM*	9.89	9.01	8.74	7.77	9.03

\*These financial measures provide management and investors the ability to measure and monitor the industry's performance on a comparable basis

LOH adjustment of LTM 1Q10 RASM uses weighted average LOH of combined company based on LTM 4Q09 results (RPMs and enplanements)

\*\*Industry includes LCC, DAL, AMR, and the pro forma combined CAL/UAUA



Source: Company reports, Form 41, and ATA Monthly Traffic Report

# Non-GAAP to GAAP Reconciliation

- Twelve Months Ended March 31, 2010 Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent (EBITDAR) Margin:
- *EBITDAR Margin formula: EBITDAR/Operating Revenue*

(\$ Millions)	<u>DL</u>	<u>CAL + UAUA</u>	<u>US</u>	<u>AA</u>
Operating Revenue	28,227	29,679	10,654	20,146
Net Income	(699)	(647)	(146)	(1,598)
Add Back Tax Expense/(Credit)	(334)	(144)	(38)	(284)
Add Back Interest Expense	1,259	926	292	697
Add Back Depreciation Expense	1,537	1,399	243	1,099
Add Back Aircraft Rent Expense	<u>471</u>	<u>1,265</u>	<u>689</u>	<u>510</u>
EBITDAR - Non-GAAP	2,234	2,799	1,040	424
Excludes Special and One-Time Items <sup>1</sup>	455	476	62	394
Excludes Non-cash MTM Hedge (Gains)/Losses	<u>0</u>	<u>(633)</u>	<u>(205)</u>	<u>0</u>
EBITDAR Excluding Special Items and MTM Hedge Impact - Non-GAAP	2,689	2,642	897	818
EBITDAR Margin - Non-GAAP <sup>2</sup>	7.9%	9.4%	9.8%	2.1%
EBITDAR Margin Excluding Special Items and MTM Hedge Impact - Non-GAAP	9.5%	8.9%	8.4%	4.1%

<sup>1</sup> See next page for detailed list of items excluded

<sup>2</sup> These financial measures provide management and investors the ability to measure and monitor the industry's performance on a comparable basis



Company reports; mark-to-market (MTM) gains are treated as special items

# Non-GAAP to GAAP Reconciliation

- Three Months Ended March 31, 2010 Earnings Before Interest, Taxes, Depreciation, Amortization, and Rent (EBITDAR) Margin:
- *EBITDAR Margin formula: EBITDAR/Operating Revenue*

(\$ Millions)	<u>CAL + UUAU</u>	<u>DL</u>	<u>US</u>	<u>AA</u>
Operating Revenue	7,410	6,848	2,651	5,068
Net Income	(229)	(256)	(45)	(505)
Add Back Tax Expense/(Credit)	1	10	0	0
Add Back Interest Expense	260	306	77	194
Add Back Depreciation Expense	347	385	61	267
Add Back Aircraft Rent Expense	<u>310</u>	<u>112</u>	<u>171</u>	<u>129</u>
EBITDAR - Non-GAAP	689	557	264	85
Exclude Specials and One-Time Items <sup>1</sup>	30	64	(44)	53
Exclude Non-cash MTM Hedge (Gains)/Losses	<u>(31)</u>	<u>0</u>	<u>0</u>	<u>0</u>
EBITDAR Excluding Special Items and MTM Hedge Impact - Non-GAAP	688	621	220	138
EBITDAR Margin - Non-GAAP <sup>2</sup>	9.3%	8.1%	10.0%	1.7%
EBITDAR Margin Excluding Special Items and MTM Hedge Impact - Non-GAAP	9.3%	9.1%	8.3%	2.7%

<sup>1</sup> See next page for detailed list of items excluded

<sup>2</sup> These financial measures provide management and investors the ability to measure and monitor the industry's performance on a comparable basis



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Company reports; mark-to-market (MTM) gains are treated as special items

# EBITDAR - Special Items Excluded

## **AMERICAN:**

1Q10: \$53MM loss related to the devaluation of the Venezuelan currency  
 4Q09: \$177MM primarily from Latin America routes impairment, ERJ-135 aircraft write down, and charges related to A300 aircraft retirement  
 3Q09: \$94MM charge related to sale of certain aircraft and the grounding of leased A300 aircraft prior to lease expiration  
 2Q09: \$70MM charge related to sale of certain aircraft and the grounding of leased A300 aircraft prior to lease expiration

## **CONTINENTAL:**

1Q10: \$6MM aircraft related charge and \$4MM severance charge  
 4Q09: \$36MM aircraft related charge, \$29MM pension settlement charge, and \$12MM route impairment  
 3Q09: \$9MM charge related to unused facilities, \$6MM aircraft related charge, and \$5MM severance charge  
 2Q09: \$44MM aircraft related charges

## **DELTA:**

1Q10: \$8MM severance charge, \$46MM in merger related expenses, and \$10MM charge related to the devaluation of the Venezuelan currency  
 4Q09: \$121MM in merger related expenses  
 3Q09: \$51MM severance charge, \$78MM in merger related expenses, and \$83MM loss in extinguishment of debt  
 2Q09: \$58MM in merger related expenses

## **UNITED:**

1Q10: \$17MM aircraft and spare part impairment, \$1MM lease termination charge, \$4MM accelerated depreciation related to aircraft groundings, and \$2MM  
 4Q09: \$24MM aircraft and spare part impairment, \$50MM lease termination charge, \$10MM accelerated depreciation related to aircraft groundings, \$10MM severance charge, and \$2MM employee benefit obligation adjustment  
 3Q09: \$19MM charge related to aircraft and deposit impairments, \$24MM lease termination charge, \$6MM accelerated depreciation related to aircraft groundings, \$22MM severance charge, and \$11MM employee benefit obligation adjustment  
 2Q09: \$24MM aircraft and spare part impairment, \$27MM lease termination charge, \$21MM accelerated depreciation related to aircraft groundings, \$6MM severance charge, and \$1MM employee benefit

## **US AIRWAYS:**

1Q10: \$5MM aircraft charge related to capacity reductions and \$49MM gain related to the sale of auction rate securities  
 4Q09: \$19MM international routes impairment, \$6MM severance charge, \$6MM in liquidity improvement program expenses, \$5MM aircraft charge related to capacity reductions, and \$49MM gain related to the sale of auction rate securities  
 3Q09: \$19MM international routes impairment, \$6MM severance charge, \$6MM in liquidity improvement program expenses, \$5MM aircraft charge related to capacity reductions, and \$49MM gain related to the sale of auction rate securities  
 2Q09: \$1MM lease return charge and \$2MM impairment charge