

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):

July 16, 2001

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware

0-09781

74-2099724

(State or other jurisdiction
of incorporation)

(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)

Item 7. Financial Statements and Exhibits.

a. Exhibits

1. Letter to Analysts

Item 9. Regulation FD Disclosure.

The Company is furnishing herewith a letter being provided to certain investors and financial analysts which provides revised guidance for certain operating and financial statistics for the third quarter and full year 2001 and the Company's fleet plan. The letter is attached as Exhibit 99.1 which is included herein.

The information presented contains forward looking statements and certain assumptions upon which such forward looking statements are in part based. Numerous important factors, including those factors identified as Risk Factors in the Company's Annual Report on Form 10-K for the year ended December 31, 2000 filed with the Securities and Exchange Commission, which

factors are incorporated herein by reference, and the fact that the assumptions set forth below could prove incorrect, could cause actual results to differ materially from those contained in such forward looking statements.

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.

By /s/ Jennifer L. Vogel

Jennifer L. Vogel

Vice President

and General Counsel

July 16, 2001

EXHIBIT INDEX

1. Letter to Analysts

Diane Dayhoff
Staff Vice President Finance
1600 Smith Street, HSQII
Houston, Texas 77002

July 16, 2001

Dear Investors and Analysts:

Continental has reported its 25th consecutive profitable quarter. For the second quarter of 2001 Continental reported pre-tax earnings of \$80 million and net income of \$42 million. This resulted in diluted earnings per share of \$0.74. Attachment A shows Continental's EPS calculation for the quarter.

Last week we announced that we filed a registration statement with the SEC for a proposed initial public offering of our regional airline subsidiary ExpressJet Holdings, Inc. which operates Continental Express. Soon after the six month anniversary of the IPO, we intend to spin off the remaining shares to Continental shareholders. As you know, regional airlines tend to trade at higher multiples. This transaction will raise cash for Continental and is expected to realize some of the locked up value of Continental Express for our shareholders. Continental will contract on a long term basis with Continental Express to continue to provide our regional jet feed. Federal securities laws prevent us from discussing this transaction further; however, detailed information about this transaction is on file with the SEC.

Revised guidance for certain financial and operational statistics is provided on Attachment B. The anticipated tax rate for the third quarter is expected to be similar to the second quarter. This has been a challenging quarter and we're pleased with how well our team of 56,300 employees performed. Among the major US network carriers, we placed first in on-time performance in April and May and despite operation disruptions from Tropical Storm Allison it looks like we'll be among the top performers for June as well.

At the end of the second quarter, Continental had 377 jet aircraft (excluding regional jets) in service, a net increase of two aircraft since March 31, 2001. During the quarter we put into service two additional 767-200 aircraft, two additional 737-800 aircraft and our first 737-900 aircraft as well as retired three DC10 aircraft. Our current fleet plan is attached (Attachment C). The top chart is our current Fleet Plan showing deliveries resulting from both firm commitments and planned option exercises through 2002 reduced by planned retirements. The bottom chart shows only firm commitments reduced by planned retirements as well as other potential lease expirations through 2005.

Additional information regarding Continental (recent press releases and investor presentations) can always be found on our website at www.continental.com/corporate. If you should have any questions regarding this information, please do not hesitate to contact us.

Sincerely,

Diane Dayhoff
Staff VP Finance

CONTINENTAL AIRLINES, INC.

CALCULATION OF BASIC AND DILUTED EARNINGS PER SHARE

FOR THE QUARTER ENDED 06-30-01

	BASIC			DILUTED			
			# of	Exercise			
			Shares	Price	Proceeds		
			O/S				
			(1)				
Stock options	0		5,450,016	various \$'s	\$221,527,446	(2)	
Assumed proceeds used to repurchase shares			(4,636,483)		(\$221,527,446)		
Weighted average # Class B shares O/S during quarter	54,237,838		54,237,838				
\$250 Convert Pref Notes @6.00%	0		4,166,667				
Total Adjusted Shares	54,237,838	(A)	59,218,038	(C)			
Net income applicable to Common Stock	\$41,694,000				\$41,694,000		
Net Interest Add Back for TIDES	\$0				\$1,911,614		
Adjusted Net Income	\$41,694,000	(B)			\$43,605,614	(B)	
Earnings per share	\$0.77	(B) / (A)			\$0.74	(B) / (C)	
(1) weighted average # of shares outstanding during period							
(2) weighted proceeds which includes additional proceeds due to tax benefit							

Continental Airlines Update

<u>Operating Statistics</u>	<u>2001 Estimated Year-over-Year Change</u>	
	<u>3rd Qtr.(E)</u>	<u>Full Year(E)</u>
CASM	(3.0) - (2.0)%	(2.0) - (1.0)%
CASM Holding Fuel Price Constant	(3.0) - (2.0)%	(1.0) - 0.0%
Fuel Gallons Consumed	0.0 - 0.5%	0.0 - 1.0%
Fuel Price (excluding fuel taxes)	78 - 82 cents	80 - 84 cents

<u>Financial</u>	<u>2001 Estimated Amounts</u>	
	<u>3rd-Qtr.(E)</u>	<u>Full Year(E)</u>
Aircraft Rent	\$230 Million	\$900 Million
Net Interest Expense	\$50 Million	\$190 Million
Dividends on Preferred Stock of Trust	\$2.5 Million	\$9.5 Million

<u>ASMs 2001 (Quarterly)</u>	<u>Year-over-Year Percentage Change</u>				
	<u>1st(A)</u>	<u>2nd(A)</u>	<u>3rd(E)</u>	<u>4th(E)</u>	<u>Full Year(E)</u>
Domestic	4%	6%	6%	3%	5%
Latin America	2%	3%	0%	0%	1%
Europe	(5)%	(1)%	(6)%	0%	(3)%
Pacific	5%	35%	34%	28%	25%
System	2%	7%	5%	3%	4%
Continental Express	24%	23%	17%	19%	20%

<u>Load Factor</u>	<u>2001 Estimated Load Factor</u>	
	<u>3rd Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	76 - 77%	73 - 74%
Continental Express	62 - 63%	62 - 63%

Attachment B (cont.)

EPS Estimated Share Count

Share count used for calculating basic and diluted earnings per share at different income levels for third and fourth quarters, and full year 2001 are as follows:

Third / Fourth Quarter 2001 (Millions)

<u>Quarterly Earnings Level</u>	<u>Number of Shares</u>		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$25.6	54.7	59.5	\$1.9
Between \$0 - \$25.6	54.7	55.3	--

Below \$0	54.7	54.7	--
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Full Year 2001 (Millions)

Year-to-date <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$100.8	54.7	59.7	\$7.6
Between \$0 - \$100.8	54.7	55.5	--
Below \$0	54.7	54.7	--

These share count charts are based upon several assumptions including market stock price and number of shares outstanding. The number of shares used in the actual EPS calculation will likely be different from those set forth above.

Please note that actual results could differ materially from the forecasts provided above. Additional information concerning factors that could cause actual results to differ materially from those in the forward looking statements is contained in the company's Form 10-K and other securities filings with the Securities and Exchange Commission.

Continental Airlines Flexible Jet Fleet Plan

Includes Continental, Continental Micronesia and Continental Express Regional Jets

July 11, 2001 Fleet Plan

			Total @	Net Inductions and Exits		Total @		
	Jet		YE 2000	2001E	2002E	YE 2002E		
	777-200		16	-	2	18		
	DC10-30		17	(10)	(7)	-		
	767-400ER		4	2	10	16		
	767-200ER		3	7	-	10		
	757-300		-	2	6	8		
	757-200		41	-	-	41		
	737-900		-	10	5	15		
	737-800		58	15	20	93		
	MD-80		65	(8)	(13)	44		
	737-700		36	-	5	41		
	737-300		65	-	(2)	63		
	737-500		66	-	-	66		
	Total Jet		371	18	26	415		
	Regional Jet							
	ERJ-145XR		-	-	6	6		
	ERJ-145		78	29	33	140		
	ERJ-135		18	12	12	42		
	Total Regional Jet		96	41	51	188		
	Year End Total							
	Jet		371	389	415			
	Regional Jet		96	137	188			
	Total YE Jet Count		467	526	603			

Firm Commitments Less Planned Retirements and Other Lease Expirations

		Total @	Net Inductions and Exits					Total @
Jet		YE 2000	2001E	2002E	2003E	2004E	2005E	YE 2005E
777-200		16	-	2	-	-	-	18
DC10-30		17	(10)	(7)	-	-	-	-
767-400ER		4	2	10	4	2	2	24
767-200ER		3	7	-	-	-	-	10
757-300		-	2	6	7	-	-	15
757-200		41	-	-	-	-	-	41
737-900		-	10	5	-	-	-	15
737-800		58	15	20	-	-	-	93

MD-80		65	(8)	(13)	(13)	(14)	(17)	-
737-700		36	-	5	-	-	-	41
737-300		65	-	(2)	(20)	(12)	-	31
737-500		66	-	(1)	(2)	-	-	63
Total Jet		371	18	25	(24)	(24)	(15)	351
Regional Jet	-							
ERJ-145XR		-	-	6	31	36	2	75
ERJ-145		78	29	33	9	-	-	149
ERJ-135		18	12	12	8	-	-	50
Total Regional Jet		96	41	51	48	36	2	274
Year End Total	-							
Jet		371	389	414	390	366	351	
Regional Jet		96	137	188	236	272	274	
Total YE Jet Count		467	526	602	626	638	625	