

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):

August 29, 2002

CONTINENTAL AIRLINES, INC.

(Exact name of registrant as specified in its charter)

Delaware	1-10323	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 5. Other Events.

On August 29, 2002, we provided a letter to analysts and other parties presenting information relating to our financial and operational outlook for 2002 and certain operating matters for 2003. The letter is filed herewith as Exhibit 99.1 and incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

(c) Exhibits

99.1 Letter to Analysts

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.

August 29, 2002

By: /s/ Jennifer L. Vogel

Jennifer L. Vogel

Vice President and General Counsel

EXHIBIT INDEX

99.1 Letter to Analysts

**Diane Dayhoff**

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

August 29, 2002

Dear Investors and Analysts:

Last week we announced that we are undertaking some aggressive belt tightening by implementing a series of revenue-generating and cost-saving initiatives. This aggressive belt tightening is necessary as a result of dramatic changes in the marketplace including the continued deterioration of revenue and rising costs, such as fuel, insurance and security. Unfortunately, we do not foresee any near-term material improvement on the revenue side as yields continue to be weak. We are therefore taking action both internally and externally as we work to avoid the fate of several of our peers. The cost guidance given in this update incorporates the anticipated benefits of these measures (Attachment A).

We will remove additional MD-80 aircraft from our schedule by the end of 2003. Attached is an updated Fleet Plan (Attachment B). For full year 2003, we are forecasting year-over-year mainline domestic jet capacity to be down 4% and international capacity to be up 4% resulting in a mainline system capacity reduction of about 1% (a reduction of almost 8% versus the year 2000).

We also announced our new agreement with Delta Air Lines and Northwest Airlines to include, among other things, code-sharing and frequent flyer program reciprocity. These enhanced relationships will enable us to build on the benefits we have received through our alliance with Northwest. The effectiveness of the agreement is subject to numerous conditions, and Continental cannot predict if or when such conditions will be met.

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

Sincerely,

Diane Dayhoff

This letter contains forward-looking statements that are not limited to historical facts, but reflect our 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 our 2001 10-K and our other securities filings, which identify important matters such as 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, airline pricing environment and industry capacity decisions, regulatory matters and the seasonal nature of the airline business.

Continental Airlines' Quarterly Update

2002 Estimated

Year-over-Year Percentage Change

ASMs	<u>3rd Qtr.(E)</u>	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>
Domestic	(7)%	6%	(6.5)%
Latin America	(1)%	5%	(2.0)%
Europe	4%	11%	(2.5)%
Pacific	(8)%	21%	(4.5)%
System	(5)%	8%	(5.0)%
Continental Express	15%	26%	15.5%

2002 Estimate

Load Factor	<u>3rd Qtr.(E)</u>	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	76 - 77%	72 - 73%	74 - 75%
Continental Express	65 - 66%	62 - 63%	63 - 64%

2002 Estimated Year-over-Year Change

Jet Operating Statistics	<u>3rd Qtr.(E)</u>	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>
CASM	(3) - (2)%	(2) - (1)%	(3) - (2)%
CASM Holding Fuel Price Constant	(2) - (1)%	(3) - (2)%	(1) - 0%
Fuel Gallons Consumed	(10) - (9)%	6 - 7%	(10) - (9)%
Fuel Price (excluding fuel taxes)	71 - 73 cents	73 - 76 cents	68 - 71 cents

2002 Estimated Amounts

Financial	<u>3rd Qtr.(E)</u>	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>
Aircraft Rent	\$230 Million	\$230 Million	\$919 Million
Net Interest Expense	\$78 Million	\$80 Million	\$300 Million
Dividends on Preferred Stock of Trust	\$2.4 Million	\$2.4 Million	\$9.6 Million
-	% of Volume Hedged	Wtd. Average Strike Price of Caps	

Fuel Hedges 2002

Third Quarter	50%	\$26.50/Barrel
Fourth Quarter	50%	\$26.50/Barrel
Full Year (Average 3Q - 4Q)	50%	

Cash Capital Expenditures

	<u>2002 Estimated Amounts</u>
Fleet (net of purchase deposits)	\$135 Million
Non-Fleet	\$140 Million

EPS Estimated Share Count

Share count estimates for calculating basic and diluted earnings per share at different income levels for third quarter, fourth quarter and full year 2002 are as follows:

Third Quarter 2002 (Millions)

Quarterly Number of Shares

<u>Earnings Level</u>	<u>Basic</u>	<u>Diluted</u>	<u>Interest Addback</u>
Over \$35.0	64.3	73.5	\$3.6
Between \$18.5 - \$35.0	64.3	69.3	\$1.4
Under \$18.5	64.3	64.3	--

Fourth Quarter 2002 (Millions)

Quarterly <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$35.4	64.8	73.9	\$3.6
Between \$18.8 - \$35.4	64.8	69.8	\$1.4
Under \$18.8	64.8	64.8	--

Full Year 2002 (Millions)

Year-to-date <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$136.8	64.1	73.3	\$14.2
Between \$72.5 - \$136.8	64.1	69.1	\$5.7
Under \$72.5	64.1	64.1	--

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.

Continental Airlines In-Service Jet Fleet Plan

Includes Continental, Continental Micronesia and Continental Express Regional Jets

August 29, 2002

		Increase/ (Decrease)		Increase/ (Decrease)	
	Total @		Total @		Total @
Jet	6/30/02	2002E	YE 2002E	2003E	YE 2003E
777-200	18	-	18	-	18
767-400ER	16	-	16	-	16
767-200ER	10	-	10	-	10
757-300	4	-	4	-	4
757-200	41	-	41	-	41
737-900	12	-	12	-	12
737-800	77	-	77	4	81
MD-80	35	(6)	29	(3)	26
737-700	36	-	36	-	36
737-300	59	(1)	58	(8)	50
737-500	66	(1)	65	(2)	63
Total Jet	374	(8)	366	(9)	357
Regional Jet					
ERJ-145XR	-	18	18	48	66
ERJ-145	128	12	140	-	140
ERJ-135	30	-	30	-	30
Total Regional Jet	158	30	188	48	236
Total					
Jet	374	(8)	366	(9)	357
Regional Jet	158	30	188	48	236
Total YE Jet Count	532	22	554	39	593