

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):

December 10, 2003

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 9. Regulation FD Disclosure.

On December 10, 2003, we provided a letter to investors and analysts presenting information relating to our financial and operational outlook for the remainder of 2003 and a capacity forecast for 2004. The letter is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

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.

December 10, 2003

By /s/ Jennifer L. Vogel _____

Jennifer L. Vogel

Senior Vice President, General Counsel

and Secretary

EXHIBIT INDEX

99.1 Letter to Investors and Analysts

Sarah Zaozirny
Director - Investor Relations
1600 Smith Street, HQSII
Houston, Texas 77002

December 10, 2003

Dear Investors and Analysts:

Attached are updated current expectations for several operating and financial statistics for the remainder of 2003 and capacity guidance for full year 2004 (Attachment A). As a reminder, after November 12, 2003, Continental Airlines, Inc. will no longer consolidate the financial results of ExpressJet Holdings, Inc. ("ExpressJet") in its financial statements, and the attached guidance reflects this change. Continental's income statement will reflect Minority Interest for the period October 1, 2003 through November 12, 2003 and will reflect our proportionate share of ExpressJet's net income in Nonoperating income for the period November 13, 2003 through December 31, 2003 and for all reporting periods thereafter. In addition, we have attached a breakout by quarter of the recently published pro forma results to demonstrate how expense line items would have been affected by deconsolidation in the first, second and third quarters of 2003 had the deconsolidation occurred on January 1, 2003 (Attachment B).

We are comfortable with our outlook for advance booking levels through the next six weeks. However, while load factors systemwide continue to show good year-over-year ("yoy") strength, as we expected, yields continue to be weak. Domestic advance bookings are averaging about 2 points ahead of last year. Our six-week look at Trans-Atlantic bookings show them continuing to be strong, and we expect Trans-Atlantic load factors for December will be up about 7 points yoy on a capacity increase of 5%. Latin bookings look fairly flat yoy through the end of the year with the first couple of weeks in January being ahead of last year by about 2 points. In Micronesia we anticipate very favorable yoy improvement in load factors due to the negative impact last December of supertyphoon Pongsona. Trans-Pacific bookings continue to strengthen and are ahead of last year by more than 10 points. Despite this strength in bookings, however, we expect yields to continue to be down yoy throughout the system. The exception is the Pacific region, where the stronger yen will help keep dollar-denominated yields fairly close to last year's yields.

Continental anticipates ending the fourth quarter 2003 with a cash balance of approximately \$1.5 billion, including restricted cash and short-term investments. This balance excludes all of ExpressJet's cash.

During the quarter, Continental completed a financing for four 737-800 aircraft delivering this quarter and six 737-800 aircraft scheduled for delivery in 2004.

In November, Continental sold its entire investment in Hotwire, resulting in a net nonoperating gain of approximately \$37 million (\$23 million after income taxes).

Additionally, Continental will be recording a special operating charge of approximately \$21 million (\$13 million after taxes) related to the permanent grounding of five MD-80 aircraft in December. The charge is associated with future obligations for rent and return conditions net of assumed sublease income. Our current plans are to remove all MD-80 aircraft from service by January 2005.

If you have any questions regarding this information, please do not hesitate to contact us.

Best wishes for a happy holiday season.

Sarah Zaozirny

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 materially from those in the forward-looking statements. For examples of such risks and uncertainties, please see the risk factors set forth in our 2002 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. In addition to the foregoing risks, there can be no assurance that the company will be able to achieve the pre-tax benefits from the revenue-generating and cost-reducing initiatives discussed previously, some of which will depend, among other matters, on customer acceptance and competitor actions. We undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this letter.

Continental Airlines' Quarterly Update

ASMs	2003 Estimated		2004 Estimated	
	Year-over-Year %Change		Year-over-Year %Change	
	<u>4th Qtr.(E)</u>		<u>Full Year (E)</u>	
Domestic	0.0 %		3.2%	
Latin America	(3.3)%		4.7%	
Trans-Atlantic	3.2 %		11.0%	
Pacific	0.3 %		13.7%	
Total Mainline	0.0 %		5.7%	

Regional	39.0%	21.0%
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2003 Estimate

Load Factor 4th Qtr.(E)

Mainline 75 - 76%

Regional 70 - 71%

Mainline Operating Statistics

	<u>2003 Estimate (cents)</u>
CASM (including special items)	<u>4th Qtr.(E)</u> 9.58 - 9.63
Special items per ASM (a)	..11
CASM Ex-Fuel (including special items)(b)	8.23 - 8.28

Consolidated Operating Statistics

	<u>2003 Estimate (cents)</u>
CASM (including special items)	<u>4th Qtr.(E)</u> 10.24 - 10.29
Special items per ASM (a)	..10
CASM Ex-Fuel (including special items)*(b)	8.94 - 8.99

*Please note that following deconsolidation of ExpressJet, only fuel expense related to mainline operations will be recorded under the fuel expense line item and excluded from this particular calculation. Fuel expense related to regional operations, including fuel expense in excess of any negotiated fuel expense caps, will be recorded under the Regional capacity purchase line item and is not excluded from this calculation.

	<u>2003 Estimate</u>
<u>Fuel Gallons Consumed</u>	<u>4th Qtr.(E)</u>
Mainline	310 Million
Regional	58 Million

Fuel Price (excluding fuel taxes) 84 - 87 cents

<u>Fuel Hedges</u>	<u>% of Volume Hedged</u>	<u>Wtd. Average Strike Price of Caps</u>
Fourth Quarter	60%	\$28.75/Barrel

2003 Estimated Amounts (\$Millions)

<u>Selected Expense Amounts</u>	<u>4th Qtr.(E)</u>
Aircraft Rent	\$225
Landing Fees & Other Rentals	\$155
Depreciation & Amortization	\$110
Net Interest Expense	\$90

<u>Cash Capital Expenditures</u>	2003 Estimated Amounts (\$Millions)	2004 Estimated Amounts (\$Millions)
Fleet & Fleet Related	\$100	\$115
Non-Fleet	95	125
Rotable Parts & Capitalized Interest	<u>50</u>	<u>55</u>
	\$245	\$295

Total	(50)	(120)
Net Purchase Deposits	\$195)	\$175)

Continental Airlines, Inc. Quarterly Tax Computation

Taxes on Consolidated Profit/(Loss)	Tax Rate of 36.8%	Debit /(Credit)
Tax on XJT Minority Interest*	XJT NI x Ownership 30.9% x 36.8% x 50%	Debit
Permanent Tax Differences	<u>\$ 3 Million</u>	Debit
Total Tax	Sum of the Above	

Permanent tax differences are primarily related to non-deductible per diems, meals and entertainment.

*Applies to portion of the quarter prior to deconsolidation of ExpressJet financials.

EPS Estimated Share Count

Share count estimates for calculating basic and diluted earnings per share at different income levels are as follows:

Fourth Quarter 2003 (Millions)

Quarterly <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$36	65.7	75.4	\$3.6
Between \$19 - \$36	65.7	71.3	\$1.4
Between \$0 - \$19	65.7	66.3	- --

Full Year 2003 (Millions)

Year-to-date <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$140	65.4	74.7	\$14.2
Between \$74 - \$140	65.4	70.6	\$5.7
Under \$74	65.4	65.4	- --

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.

- a. Special items include a \$65 million charge during the first quarter of 2003, a security fee reimbursement (\$173 million related to mainline operations and an additional \$3 million related to regional operations) and a \$14 million charge associated with the deferral of aircraft deliveries in the second quarter 2003 and a \$21 million charge related to the permanent grounding of five MD-80 aircraft in the fourth quarter 2003.
- b. Cost per available seat mile excluding fuel is computed by subtracting fuel cost from total operating costs and dividing by available seat miles. This statistic provides management and investors the ability to measure and monitor Continental's cost performance absent fuel price volatility. Both the cost and availability of fuel are subject to many economic and political factors and therefore are beyond our control.

Continental Airlines' Quarterly Update

The data in the table below was derived from the pro forma financial statements for the nine months ended September 30, 2003 as filed as Form 8-K with the SEC dated November 12, 2003. The table illustrates how operating expenses would have been reported in the first, second and third quarters of 2003 had we deconsolidated ExpressJet financials prior to January 1, 2003. We have included this information to assist in modeling Continental's 2004 financials. Please note, however, that since we owned a sufficient amount of shares to consolidate ExpressJet during this period, we were required to consolidate the results of ExpressJet and will not be allowed to restate prior periods in future financial statements.

<u>Pro Forma Expenses (\$Millions)</u>	<u>Quarter Ended</u>		
	<u>Mar 30, 2003</u>	<u>Jun 30, 2003</u>	<u>Sep 30, 2003</u>
Wages, salaries and related costs	\$696	\$676	\$686
Aircraft fuel	301	258	269
Regional capacity purchase, net	265	268	288
Aircraft rentals	223	224	224
Landing fees and other rentals	129	128	137
Maintenance, materials and repairs	103	93	102
Depreciation and amortization	111	105	105
Booking fees, credit card discount and sales	91	102	93
Passenger servicing	67	70	78
Commissions	36	36	38
Other	220	221	217