

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):

September 15, 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 5. Other Events.

On September 15, 2001, Continental Airlines, Inc. (the "Company") issued a press release, which is filed herewith as Exhibit 99.1 and incorporated herein by reference.

The Company had pre-tax income of \$99 million (unaudited) for the six months ended June 30, 2001, and earned an additional \$74 million (unaudited) of pre-tax income during July and August 2001. However, since the terrorist attacks involving commercial aircraft on September 11, 2001, passenger traffic on the Company's flights has declined significantly and the Company has sustained substantial daily operating losses. The Company does not anticipate a return to normal operating conditions or previous levels of passenger traffic in the near future.

The Company will not be making scheduled payments due on Monday, September 17, 2001 totaling approximately \$70 million relating to certain outstanding Enhanced Equipment Trust Certificate ("EETC") aircraft financings, as a result of the effects on the Company of the unprecedented grounding of aviation ordered by the Federal Aviation Administration ("FAA") on September 11, 2001, the substantial increase in security costs imposed by the FAA in the aftermath of the terrorist attacks on that date, and the resulting sharp drop in the demand for air transportation following the terrorist attacks. Those events have resulted in substantial

liquidity pressure on the Company and the airline industry. All such payments due have a five to ten business day grace period after September 17, 2001 in which they may be made without a resulting default under the applicable financing agreements.

Item 7. Financial Statements and Exhibits.

a. Exhibits

1. Press Release

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

September 15, 2001

EXHIBIT INDEX

1. Press Release

Contact: Corporate Communications

Houston: 713.324.5080

Email: corpcomm@coair.com

News archive: continental.com/news **Address:** P.O. Box 4607, Houston, TX 77210-4607

CONTINENTAL AIRLINES ANNOUNCES LONG-TERM

SCHEDULE REDUCTION AND FURLOUGH OF 12,000 EMPLOYEES

HOUSTON, September 15, 2001 -- Continental Airlines (NYSE: CAL) announced today that it will immediately reduce its long-term flight schedule by approximately 20 percent on a systemwide available seat mile basis, and will be forced to furlough approximately 12,000 employees in connection with this reduction. These actions are a direct result of the current and anticipated adverse effects on the demand for air travel caused by this week's terrorist attacks on the United States and the operational and financial costs of dramatically increased security requirements.

In the last four days Continental has seen a drastic drop in bookings in an already declining economy. In addition, many corporations have instructed their employees to avoid U.S airlines.

"The U.S. airline industry is in an unprecedented financial crisis. We call on the President and members of Congress to take immediate action to restore the stability of

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this vital industry, on which our nation's economy heavily depends," said Gordon Bethune, Continental chairman and chief executive officer. "Our industry needs immediate Congressional action if the nation's air transportation system is to survive."

Continental expects to announce the details of its schedule reduction and furloughs within the week. "While we regret the necessity for this massive furlough and substantial schedule reduction, and the adverse impact on our dedicated employees, customers and communities we serve," said Bethune, "we have no choice."

Prior to the terrorist attacks and this announcement, Continental Airlines and its subsidiaries flew over 2,500 flights a day. The airline, which currently employs more than 56,000 people, has been the industry leader with superior operational performance, 26 straight profitable quarters, numerous national and international customer service awards, and repeated designation as one of the 100 Best Companies to Work For in America.

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