

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):

March 4, 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 5. Other Events.

On March 4, 2003, we provided a letter to investors and analysts presenting information relating to our financial and operational outlook for the first quarter and full year 2003. The letter is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

a. Exhibits

1. Letter to Investors and 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.

March 4, 2003

By /s/ Jennifer L. Vogel

Jennifer L. Vogel

Vice President and General Counsel

EXHIBIT INDEX

99.1 Letter to Investors and Analysts



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

March 4, 2003

Dear Investors and Analysts:

Attached are updated current expectations for several operating and financial statistics for first quarter and full year 2003 (Attachment A). There are many uncertainties facing our industry and we continue to experience demand weakness throughout our system. In addition, year-over-year comparisons for March and April will be skewed by the Easter holiday occurring in late April this year versus late March last year.

Transatlantic bookings are looking weak in March, mainly due to concerns about a conflict with Iraq as well as the shift of Easter. We anticipate that our March transatlantic load factor will be down about 15 points year-over-year. April forward bookings are currently showing some softness as well. March and April forward bookings for the pacific region are also weak. While domestic demand continues to be softer than we'd hoped, it is expected that combined March/April domestic load factor year-over-year will be flat.

Operations in February were impacted by several storms in the Northeast and Midwest. We estimate that the financial impact from these storms is approximately \$10 - \$15 million on a pre-tax basis. These storms and related flight cancellations are the driver behind our change in capacity for the first quarter (up 0.8% y-o-y vs. previous forecast of up 2.0% y-o-y.)

In February we announced that we are deferring some deliveries of Embraer regional jet aircraft. An updated Continental fleet plan reflecting these deferrals through 2004 is attached (Attachment B).

For other information regarding Continental Airlines, please visit our website at [continental.com](http://continental.com). If you 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 the company's 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 the company's 2002 10-K and its 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. 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

<b>ASMs</b>	2003 Estimated	
	<u>Year-over-Year %Change</u>	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year(E)</u>
Domestic	(4.4)%	(5)%
Latin America	3.1%	2%
Transatlantic	15.4%	7%
Pacific	9.3%	5%
Total Mainline System	0.8%	(1)%
Continental Express	25.0%	29%

<b>Load Factor</b>	2003 Estimate	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	70 - 71%	75 - 76%
Continental Express	61 - 62%	64 - 65%

<b>Mainline Jet Operating Statistics</b>	2003 Estimated	
	<u>Year-over-Year % Change</u>	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year(E)</u>
CASM	4 - 5%	5 - 6%
CASM Holding Fuel Price Constant	(1) - 0%	3 - 4%
Fuel Gallons Consumed	0 - 1%	(1) - 0%

<b>Fuel Price (excluding fuel taxes)</b>	2003 Estimated	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year(E)</u>
	95 - 97 cents	88 - 93 cents
-	% of Volume <u>Hedged</u>	Wtd. Average <u>Strike Price of Caps</u>
<b>Fuel Hedges</b>		
First Quarter	95%	\$33.00/Barrel
Second Quarter	15%	\$35.00/Barrel
Full Year Average	20%	\$33.35/Barrel

<b>Financial</b>	2003 <u>Estimated Amounts</u>	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year(E)</u>
	Aircraft Rent	\$222 Million
Landing Fees & Other Rentals	\$156 Million	\$680 Million
Depreciation & Amortization	\$115 Million	\$460 Million
Net Interest Expense	\$80 Million	\$315 Million
Dividends on Preferred Stock of Trust	\$2.4 Million	\$9.6 Million

<b>Cash Capital Expenditures</b>	2003 Estimated Amounts	
	(\$Millions)	
Fleet	\$95	
Non-Fleet	120	

Rotable Parts & Capitalized Interest	<u>100</u>
Total	\$315
Net Purchase Deposits	<u>(10)</u>
	\$305

### **Continental Airlines, Inc. Quarterly Tax Computation**

Taxes on Consolidated Profit/(Loss)	Tax Rate of 36.8%	Debit /(Credit)
Tax Related to XJT Minority Interest	XJT NI x Ownership 53% x 36.8%	Debit
Permanent Tax Differences	<u>\$ 3 Million</u>	Debit
Total Tax	Sum of the Above	

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

### **EPS Estimated Share Count**

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

#### **First Quarter 2003 (Millions)**

Quarterly <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$36	65.3	74.5	\$3.6
Between \$19 - \$36	65.3	70.3	\$1.4
Under \$19	65.3	65.3	- --

#### **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	65.5	74.8	\$14.2
Between \$75 - \$140	65.5	70.6	\$5.7
Under \$75	65.5	65.6	- --

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 Flexible Fleet Plan

Includes Continental, Continental Micronesia and Continental Express

March 4, 2003

### Current Fleet Plan

(Firm Commitments Less Planned Retirements)

	Total	Net Inductions and Exits		Total
Jet	YE 2002	2003E	2004E	YE 2004E
777-200ER	18	-	-	18
767-400ER	16	-	-	16
767-200ER	10	-	-	10
757-300	4	-	6	10
757-200	41	-	-	41
737-900	12	-	-	12
737-800	77	4	12	93
MD-80	29	(6)	(14)	9
737-700	36	-	-	36
737-300	58	(8)	-	50
737-500	65	(2)	-	63
<b>Total</b>	<b>366</b>	<b>(12)</b>	<b>4</b>	<b>358</b>
Regional Jet				
ERJ-145XR	18	36	21	75
ERJ-145	140	-	-	140
ERJ-135	30	-	-	30
<b>Total</b>	<b>188</b>	<b>36</b>	<b>21</b>	<b>245</b>
<b>Total YE Count</b>	<b>554</b>	<b>24</b>	<b>25</b>	<b>603</b>

### Firm Commitments Less Planned Retirements and Other Lease Expirations

	Total	Net Inductions and Exits		Total
Jet	YE 2002	2003E	2004E	YE 2004E
777-200ER	18	-	-	18
767-400ER	16	-	-	16
767-200ER	10	-	-	10
757-300	4	-	6	10
757-200	41	-	-	41
737-900	12	-	-	12
737-800	77	4	7	88
MD-80	29	(6)	(14)	9

737-700	36	-	5	41
737-300	58	(14)	(12)	32
737-500	65	(2)	-	63
<b>Total</b>	<b>366</b>	<b>(18)</b>	<b>(8)</b>	<b>340</b>
Regional Jet				
ERJ-145XR	18	36	21	75
ERJ-145	140	-	-	140
ERJ-135	30	-	-	30
<b>Total</b>	<b>188</b>	<b>36</b>	<b>21</b>	<b>245</b>
<b>Total YE Count</b>	<b>554</b>	<b>18</b>	<b>13</b>	<b>585</b>