

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):

June 5, 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 June 5, 2003, we provided a letter to investors and analysts presenting information relating to our financial and operational outlook for the second quarter of and for the 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.

June 5, 2003

By /s/ Jennifer L. Vogel

Jennifer L. Vogel

Vice President, General Counsel and
Secretary

EXHIBIT INDEX

99.1 Letter to Investors and Analysts

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

June 5, 2003

Dear Investors and Analysts:

Attached are updated current expectations for several operating and financial statistics for second quarter and full year 2003 (Attachment A).

Domestic bookings for the summer look relatively good compared to last year and we expect load factors will be up year-over-year on reduced capacity. On a relative basis Latin America is performing well. Latin was less impacted by pre-war bookaways and on slightly less capacity, load factor for the summer should be up several points year-over-year. Most of the trans-atlantic capacity will be restored in June and July to year ago levels and we are encouraged by the recent strength in bookings. Pacific continues to be impacted by SARS. With the suspension of Newark - Hong Kong service through July, Pacific bookings are looking better than previous months but are still weaker than last year.

It is anticipated that we will end the second quarter 2003 with a cash balance over \$1.5 billion of which approximately \$125 million is restricted.

For other information regarding Continental Airlines, please visit our website at continental.com. If you have any questions regarding this information, please do not hesitate to contact us.

Sincerely,

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. 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

2003 Estimated Year-over-Year %Change

ASMs	<u>2nd Qtr.(E)</u>	<u>Full Year(E)</u>
Domestic	(5.5)%	(4.0)%
Latin America	(3.0)%	(1.0)%
Trans-Atlantic	(9.0)%	2.0%
Pacific	(20.0)%	(3.0)%
Total Mainline System	(7.0)%	(2.5)%

Continental Express	35.0%	33.0%
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2003 Estimate

Load Factor	<u>2nd Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	75 - 76%	73 - 74%
Continental Express	70 - 71%	69 - 70%

2003 Estimated (cents)

Mainline Jet Operating Statistics	<u>2nd Qtr.(E)</u>	<u>Full Year(E)</u>
CASM (including special items)	8.65 - 8.75	9.35 - 9.45
Special items per ASM (a)	(0.92)	(0.14)
CASM Holding Fuel Price Constant (including special items)(b)	8.40 - 8.50	9.15 - 9.25

2003 Estimate

Fuel Gallons Consumed	<u>2nd Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	305 Million	1,250 Million
Continental Express	50 Million	210 Million

Fuel Price (excluding fuel taxes)	84 - 87 cents	83 - 88 cents
	% of Volume	Wtd. Average

Fuel Hedges	<u>Hedged</u>	<u>Strike Price of Caps</u>
Second Quarter	55%	\$32/Barrel
	27%	\$35/Barrel
Second Quarter Total	81%	\$33/Barrel
Third Quarter	25%	\$27/Barrel
Fourth Quarter	25%	\$27/Barrel

2003 Estimated Amounts

Selected Expense Amounts	<u>2nd Qtr.(E)</u>	<u>Full Year(E)</u>
Aircraft Rent	\$225 Million	\$895 Million
Landing Fees & Other Rentals	\$155 Million	\$645 Million
Depreciation & Amortization	\$110 Million	\$450 Million
Net Interest Expense	\$90 Million	\$340 Million
Dividends on Preferred Stock of Trust	\$2.4 Million	\$9.6 Million

2003 Estimated Amounts

Cash Capital Expenditures	<u>(\$Millions)</u>
Fleet & Fleet Related	\$80
Non-Fleet	100
Rotable Parts & Capitalized Interest	<u>70</u>
Total	\$250
Net Purchase Deposits	(20)
	\$230

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:

Second Quarter 2003 (Millions)

Quarterly <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$35	65.4	74.5	\$3.6
Between \$19 - \$35	65.4	70.4	\$1.4
Under \$19	65.4	65.4	- --

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	74.5	\$14.2
Between \$74 - \$140	65.4	70.4	\$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 and security fee reimbursement of \$176 million in the second quarter of 2003.
- b. Cost per available seat mile holding fuel rate constant is computed by dividing operating cost by available seat miles, adjusting average fuel price per gallon for the most recent period to equal the average fuel price per gallon for the corresponding period in the prior year. 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.