

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):

October 17, 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 October 17, 2002, we provided a letter to analysts and other parties presenting information relating to our financial and operational outlook for 2002. The letter is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

(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.

October 17, 2002

By: /s/ Diane Dayhoff

Diane Dayhoff

Staff Vice President-Finance

EXHIBIT INDEX

99.1 Letter to Analysts

Diane Dayhoff
Staff Vice President Finance
1600 Smith Street, HSQ11
Houston, Texas 77002

October 17, 2002

Dear Investors and Analysts:

Today Continental reported a third quarter net loss of \$37 million (\$0.58 diluted loss per share) and operating income of \$46 million (\$0.72 operating income per share).

Continental ended the third quarter with approximately \$1.3 billion in cash and short-term investments. We anticipate that our cash balance at year-end 2002 will be approximately \$1 billion assuming no additional financings or sale of ExpressJet stock. We are estimating our fourth quarter operating cash burn to average about \$1.5 million a day. On an "all-in" basis, which includes principal payments and capital expenditures, we are estimating cash burn will be approximately \$3 million a day.

We are on track to achieve pre-tax contributions of approximately \$80 million this year from our recently announced revenue-generating and cost-reduction initiatives. We are pleased with the performance of these initiatives thus far and they were a large driver behind our better than expected cost performance in the third quarter.

We expect that, once fully implemented, the incremental net pre-tax contribution of Delta and its partners to our Northwest/Continental Alliance will be approximately \$50 to \$75 million. This takes into account the impact of the approved United/US Airways Alliance.

We are continuing to alter our capacity to match demand. For the fourth quarter we have reduced year-over-year domestic capacity growth to 4% and mainline system capacity growth to 7%. Updated guidance for several operating and financial statistics for fourth quarter 2002, full year 2002 and 2003 can be found on Attachment A.

Continental ended the quarter with 366 jet aircraft (excluding regional jets) in service. A copy of our Fleet Plan for 2002 and 2003 is attached (Attachment B).

Please visit our website at continental.com for other information regarding Continental Airlines. 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 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 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 2001 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. In addition to the foregoing risks, there can be no assurance that the Company will be able to achieve the pre-tax contributions from the revenue generating and cost-reducing initiatives discussed in this letter, which will depend, among other matters, on customer acceptance and competitor actions.

Continental Airlines' Quarterly Update

	2002 Estimated		2003 Estimated	
	<u>Year-over-Year %Change</u>		<u>Year-over-Year %Change</u>	
ASMs	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>	<u>Full Year(E)</u>	
Domestic	4.0%	(7.0)%	(4)%	
Latin America	8.5%	(1.5)%	(2)%	
Europe	12.0%	(2.0)%	8%	
Pacific	22.0%	(4.5)%	5%	
System	7.0%	(5.0)%	(1)%	
Continental Express	23.0%	14.5%	31%	
	<u>2002 Estimate</u>		<u>2003 Estimate</u>	
Load Factor	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>	<u>Full Year(E)</u>	
Continental	70 - 71%	73 - 74%	74 - 75%	
Continental Express	62 - 63%	62 - 63%	64 - 65%	
	<u>2002 Estimated</u>		<u>2003 Estimated</u>	
	<u>Year-over-Year Change</u>		<u>Year-over-Year Change</u>	
Jet Operating Statistics	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>	<u>Full Year(E)</u>	
CASM	(2) - (1)%	(3) - (2)%	4 - 5%	
CASM Holding Fuel Price Constant	(5) - (4)%	(2) - (1)%	3 - 4%	
Fuel Gallons Consumed	5 - 6%	(10) - (9)%	(1) - 0%	
Fuel Price (excluding fuel taxes)	79 - 82 cents	69 - 72 cents	74 - 78 cents	

	<u>2002</u>		<u>2003</u>
	<u>Estimated Amounts</u>		<u>Estimated Amounts</u>
Financial	<u>4th Qtr.(E)</u>	<u>Full Year(E)</u>	<u>Full Year(E)</u>
Aircraft Rent	\$228 Million	\$915 Million	\$915 Million
Net Interest Expense	\$80 Million	\$300 Million	\$310 Million
Dividends on Preferred Stock of Trust	\$2.4 Million	\$9.6 Million	\$9.6 Million
-	% of Volume	Wtd. Average	
	<u>Hedged</u>	<u>Strike Price of Caps</u>	
Fuel Hedges			
Fourth Quarter 2002:	25%	\$25/Barrel	
	25%	\$28/Barrel	
Total/Average:	<u>45%</u>	<u>\$33/Barrel</u>	
First Quarter 2003:	95%	\$30/Barrel	
	75%	\$33/Barrel	

Attachment A

	<u>2002 Estimated Amounts</u>	<u>2003 Estimated Amounts</u>
	(\$Millions)	(\$Millions)
Cash Capital Expenditures		
Fleet*	\$398	\$110
Non-Fleet	140	170
Rotable Parts & Capitalized Interest	<u>33</u>	<u>115</u>
Total	\$571	\$395
Net Purchase Deposits	(141)	25

Financing*	(150)	0
	\$280	\$420

*Capital Expenditures for 2002 includes \$150 million of expenditures related to two aircraft purchased and delivered in the second quarter but collateralized with debt financing in the third quarter.

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EPS Estimated Share Count

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

Fourth Quarter 2002 (Millions)

Quarterly <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$36	65.3	74.4	\$3.6
Between \$19 - \$36	65.3	70.3	\$1.4
Under \$19	65.3	65.3	--

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 \$137	64.2	73.4	\$14.2
Between \$73 - \$137	64.2	69.2	
Under \$73	64.2	64.2	\$5.7
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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	65.3	74.4	\$14.2
Between \$74 - \$140	65.3	70.3	
Under \$74	65.3	65.3	\$5.7
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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

September 30, 2002

		Increase/ (Decrease)	Total @	Increase/ (Decrease)	Total @
Jet	Total @ 9/30/02	4Q02E	YE 2002E	2003E	YE 2003E
777-200ER	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	30	(1)	29	(3)	26
737-700	36	-	36	-	36
737-300	57	1*	58	(8)	50
737-500	65	-	65	(2)	63
Total Jet	366	-	366	(9)	357
Regional Jet					
ERJ-145XR	-	18	18	48	66
ERJ-145	140	-	140	-	140
ERJ-135	30	-	30	-	30
Total Regional Jet	170	18	188	48	236
Total					
Jet	366	-	366	(9)	357
Regional Jet	170	18	188	48	236
Total YE Jet Count	536	18	554	39	593
* Temporarily grounded aircraft returned to service					