

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 1, 2004

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 1, 2004, we issued a press release announcing our February performance and our estimated consolidated breakeven load factor for March. The press release is filed herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9. Regulation FD Disclosure

On March 1, 2004, we provided an update for investors presenting information relating to our operational performance for February 2004. The update is furnished herewith as Exhibit 99.2 and is incorporated herein by reference.

Item 7. Financial Statements and Exhibits.

a. Exhibits

1. Press Release
2. Investor Update

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 1, 2004

By /s/ Jennifer L. Vogel

Jennifer L. Vogel

Senior Vice President, General Counsel
and Secretary

EXHIBIT INDEX

- | | |
|------|-----------------|
| 99.1 | Press Release |
| 99.2 | Investor Update |



News 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 REPORTS

OPERATIONAL PERFORMANCE FOR FEBRUARY 2004

HOUSTON, March 1, 2004 - Continental Airlines (NYSE: CAL) today reported a February systemwide mainline load factor of 70.2 percent, 1.3 points above last year's February load factor. The airline had a February domestic mainline load factor of 70.6 percent, 0.4 points below February 2003, and an international mainline load factor of 69.5 percent, 3.7 points above February 2003.

During the month, Continental recorded a U.S. Department of Transportation on-time arrival rate of 79.9 percent and a systemwide mainline completion factor of 99.7 percent.

In February 2004, Continental flew 4.5 billion mainline revenue passenger miles

(RPMs) and 6.4 billion mainline available seat miles (ASMs) systemwide, resulting in a traffic increase of 13.9 percent and a capacity increase of 11.7 percent as compared to

February 2003. Domestic mainline traffic was 2.7 billion RPMs in February 2004, up 11.4 percent from February 2003, and domestic mainline capacity was 3.8 billion ASMs, up 12.0 percent from February 2003. Without the extra Leap Year day in February, these traffic and capacity increases would have been about three points lower.

For January 2004, systemwide mainline RASM increased 0.9 percent as compared to January 2003. Systemwide February 2004 mainline passenger revenue per available seat mile (RASM) is estimated to have decreased between 2.5 and 3.5 percent compared to February 2003. The February year-over-year RASM decline was partly attributable to Continental's strong performance relative to the industry during February last year, and the poor performance this year of the very competitive transcontinental markets, where RASM declined an estimated 25 to 30 percent as compared to February of last year. Further, in February 2004, transcontinental markets accounted for 12.3 percent of domestic capacity compared to 9.8 percent in February 2003.

Continental's regional operations (Continental Express) set a record February load factor of 63.1 percent, 0.9 points above last year's February load factor. Regional

RPMs were 486.6 million and regional ASMs were 770.7 million in February 2004, resulting in a traffic increase of 47.0 percent and a capacity increase of 44.8 percent versus February 2003.

This press release 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 2003 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, regulatory matters and industry conditions, including the demand for air travel, the airline pricing environment and industry capacity decisions. The company undertakes no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this press release.

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PRELIMINARY TRAFFIC RESULTS

FEBRUARY	2004	2003	Change
REVENUE PASSENGER MILES (000)			
Domestic	2,708,034	2,431,388	11.4 Percent
International	1,803,801	1,531,411	17.8 Percent
Transatlantic	700,766	605,759	15.7 Percent
Latin America	674,961	589,167	14.6 Percent
Pacific	428,074	336,485	27.2 Percent
Mainline	4,511,835	3,962,799	13.9 Percent
Regional	486,642	331,052	47.0 Percent
AVAILABLE SEAT MILES (000)			
Domestic	3,836,231	3,426,039	12.0 Percent
International	2,594,230	2,328,444	11.4 Percent
Transatlantic	1,045,931	945,114	10.7 Percent
Latin America	956,958	833,441	14.8 Percent
Pacific	591,341	549,889	7.5 Percent
Mainline	6,430,461	5,754,483	11.7 Percent
Regional	770,730	532,224	44.8 Percent
PASSENGER LOAD FACTOR			
Domestic	70.6 Percent	71.0 Percent	(0.4) Points
International	69.5 Percent	65.8 Percent	3.7 Points
Transatlantic	67.0 Percent	64.1 Percent	2.9 Points
Latin America	70.5 Percent	70.7 Percent	(0.2) Points
Pacific	72.4 Percent	61.2 Percent	11.2 Points
Mainline	70.2 Percent	68.9 Percent	1.3 Points

Regional	63.1 Percent	62.2 Percent	0.9 Points
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CARGO REVENUE TON MILES (000)

Total	82,376	77,161	6.8 Percent
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(more)

YEAR-TO-DATE

2004	2003	Change
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REVENUE PASSENGER MILES (000)

Domestic	5,435,823	5,028,564	8.1 Percent
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International	3,839,093	3,327,947	15.4 Percent
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Transatlantic	1,503,334	1,307,685	15.0 Percent
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Latin America	1,419,076	1,280,424	10.8 Percent
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Pacific	916,683	739,838	23.9 Percent
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Mainline	9,274,916	8,356,511	11.0 Percent
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Regional	956,664	658,828	45.2 Percent
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AVAILABLE SEAT MILES (000)

Domestic	7,758,560	7,259,474	6.9 Percent
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International	5,341,366	4,953,964	7.8 Percent
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Transatlantic	2,156,899	2,002,416	7.7 Percent
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Latin America	1,958,804	1,784,590	9.8 Percent
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Pacific	1,225,663	1,166,958	5.0 Percent
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Mainline	13,099,926	12,213,438	7.3 Percent
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Regional	1,537,621	1,113,425	38.1 Percent
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PASSENGER LOAD FACTOR

Domestic	70.1 Percent	69.3 Percent	0.8 Points
International	71.9 Percent	67.2 Percent	4.7 Points
Transatlantic	69.7 Percent	65.3 Percent	4.4 Points
Latin America	72.4 Percent	71.7 Percent	0.7 Points
Pacific	74.8 Percent	63.4 Percent	11.4 Points
Mainline	70.8 Percent	68.4 Percent	2.4 Points
Regional	62.2 Percent	59.2 Percent	3.0 Points

CARGO REVENUE TON MILES (000)

Total	157,862	147,247	7.2 Percent
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(more)

PRELIMINARY OPERATIONAL AND FINANCIAL RESULTS

FEBRUARY	2004	2003	Change
On-Time Performance ¹	79.9%	77.8%	2.1 Points
Completion Factor ²	99.7%	97.1%	2.6 Points
YEAR-TO-DATE	2004	2003	Change
On-Time Performance ¹	79.9%	81.7%	(1.8) Points
Completion Factor ²	99.5%	98.5%	1.0 Points
January 2004 consolidated breakeven load factor ³			81.0 Percent
February 2004 estimated year-over-year RASM change			(2.5)-(3.5) Percent
February 2004 estimated average price per gallon of fuel, excluding fuel taxes			102.0 Cents
February 2004 estimated consolidated breakeven load factor ^{3,4}			84 Percent
February 2004 actual consolidated load factor ⁶			69.4 Percent
March 2004 estimated consolidated breakeven load factor ^{3,5}			79 Percent

YEAR-OVER-YEAR SYSTEM RASM⁷	2002 vs. 2001	2002 vs. 2000
May	(6.3) Percent	(15.1) Percent
June	(5.5) Percent	(15.5) Percent
July	(4.0) Percent	(13.5) Percent
August	(2.7) Percent	(15.2) Percent
September	10.8 Percent	(17.6) Percent
October	9.3 Percent	(15.7) Percent
November	(1.7) Percent	(18.4) Percent
December	10.1 Percent	(5.7) Percent
	2003 vs. 2002	2003 vs. 2001
January	3.5 Percent	(11.0) Percent
February	(0.4) Percent	(11.3) Percent
March	(11.7) Percent	(17.4) Percent
April	(1.0) Percent	(11.3) Percent
May	2.0 Percent	(4.3) Percent
June	0.3 Percent	(5.2) Percent
July	4.9 Percent	0.7 Percent
August	4.4 Percent	1.5 Percent
September	5.3 Percent	16.7 Percent
October	4.4 Percent	14.1 Percent
November	5.5 Percent	3.7 Percent
December	1.7 Percent	12.0 Percent
	2004 vs. 2003	2004 vs. 2002
January	0.9 Percent	4.5 Percent
February (estimated)	(2.5)-(3.5) Percent	(3.0)-(4.0) Percent

1 Department of Transportation Arrivals within 14 minutes

2 System Mileage Completion Percentage

3 Consolidated load factor (including Continental Airlines and Continental Express) needed to break even on a consolidated net income basis. Actual consolidated breakeven load factor may vary significantly from estimates depending on actual passenger revenue yields, fuel price and other factors. Month-to-date consolidated load factor information can be found on Continental's website at continental.com in the Investor Relations-Financial/Traffic Releases section.

4 Charges related to a non-cash charge for the termination of a royalty agreement and an MD-80 aircraft retirement account for 5 percentage points.

5 Charge related to MD-80 aircraft retirements account for 1 percentage point.

6 Includes Continental Airlines and Continental Express

7 CAL has been releasing RASM data since May 2001

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Sarah Zaozirny
Director - Investor Relations

Investor Update

Issue Date:

March 1, 2004

This report 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 2003 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 report.

Current News

Today Continental reported its operational performance for February 2004. February systemwide mainline load factor was 70.2%, 1.3 points above last year's February load factor on a 13.9% increase in traffic and an 11.7% increase in capacity. Without the extra Leap Year day in February, these traffic and capacity increases would have been about three points lower. Systemwide February 2004 mainline RASM is estimated to have decreased between 2.5% and 3.5% compared to February 2003. The February year-over-year RASM decline was partly attributable to Continental's strong performance relative to the industry during February last year, and the poor performance this year of the very competitive transcontinental markets, where RASM declined an estimated 25 to 30 percent as compared to February of last year. Further, in February 2004, transcontinental markets accounted for 12.3% of domestic capacity compared to 9.8% in February 2003.

We anticipate that 1Q04 Cost per Available Seat Mile (CASM) will be down 3.7% to 4.2% compared to 1Q03, and that 1Q04 CASM ex-fuel, excluding special items will be down 3.8% to 4.4% compared to 1Q03.

Continental will record a special operating charge of approximately \$17 million (\$11 million after taxes) related to the permanent grounding of three MD-80 aircraft during the first quarter. The charge is associated with future obligations for rent and return conditions net of assumed sublease income. Additionally, Continental recorded a non-cash special charge of \$34 million (\$22 million after taxes) related to the termination of a royalty agreement during the first quarter.

Tax Sharing Agreement with ExpressJet Holding, Inc.

Continental expects to receive approximately \$40 million in 2004 and \$20 million in 2005 related to a tax-sharing agreement with ExpressJet Holdings, Inc. For more information regarding this tax-sharing agreement, please see our 2003 10-K.

Targeted Cash Balance

Continental anticipates ending the first quarter of 2004 with a cash and short-term investments balance of approximately \$1.5 billion, including approximately \$185 million of restricted cash.

Advanced Bookings - Six Week Outlook

Domestic bookings through mid-April are running about even with last year on about 1% more seats. Despite the slight booking weakness, we expect load factors will continue to be strong, and will most likely be 2-3 pts higher than last year in March and April. The negative pressure on domestic yields was greater than originally anticipated for February and we currently expect first quarter domestic yields to be down several points.

All our international regions remain booked ahead, or are expected to finish ahead, of last year for most weeks. We expect first quarter load factors to be up 1-2 pts in Latin and up 8-10 pts in Transatlantic and Pacific regions over the same period last year.

2004 Estimated
Year-over-Year %Change
1st Qtr.(E) Full Year(E).

ASMs

Domestic	6.0%	2.5%
Latin America	8.5%	12.0%
Transatlantic	3.5%	17.5%
Pacific	5.5%	8.5%
Total Mainline System	6.0%	6.5%
Regional	35.5%	24.0%

Load Factor	<u>2004 Estimate</u>	
	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Continental	73 - 74%	76 - 77%
Regional	64 - 65%	71 - 72%

Mainline Operating Statistics	<u>2004 Estimate (cents)</u>	
	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
CASM (including special items)	9.82 - 9.87	9.41 - 9.46
Special items per ASM (a)	0.25	0.06
CASM Ex-Fuel (including special items)(b)	8.21 - 8.26	7.90 - 7.95

Consolidated Operating Statistics	<u>2004 Estimate (cents)</u>	
	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
CASM (including special items)	10.67 - 10.72	10.24 - 10.29
Special items per ASM (a)	0.23	0.05
CASM Ex-Fuel (including special items) (b)	8.95 - 9.00	8.63 - 8.68

Fuel Gallons Consumed	<u>2004 Estimate</u>	
	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Mainline	320 Million	1,320 Million
Regional	60 Million	265 Million

Fuel Price per Gallon (excluding fuel taxes)	\$1.01 - \$1.03	\$0.93 - \$0.97
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Fuel Hedges	% of Volume	Wtd. Average
	<u>Hedged</u>	<u>Strike Price of Caps</u>
First Quarter	0%	n/a
Second Quarter	0%	n/a
Third Quarter	20%	\$32.00/Barrel
Fourth Quarter	20%	\$32.00/Barrel
Full Year Average	10%	\$32.00/Barrel

Selected Expense Amounts	<u>2004 Estimated Amounts (\$Millions)</u>	
	<u>1st Qtr.(E)</u>	<u>Full Year(E)</u>
Aircraft Rent	\$220	\$905
Landing Fees & Other Rentals	\$155	\$635
Depreciation & Amortization	\$105	\$420
Net Interest Expense	\$88	\$355

Cash Capital Expenditures	<u>2004 Estimate (\$Millions)</u>
Fleet & Fleet Related	\$90
Non-Fleet	125
Rotable Parts & Capitalized Interest	<u>55</u>
Total	\$270
Net Purchase Deposits	<u>(115)</u>
Total Cash Capital Expenditures	\$155

EPS Estimated Share Count

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

First Quarter 2004 (Millions)

Quarterly <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$36	65.9	75.5	\$3.6
Between \$19 - \$36	65.9	71.4	\$1.4
Between \$0 - \$19	65.9	66.4	--
Net Loss	65.9	65.9	--

Full Year 2004 (Millions)

Year-to-date <u>Earnings Level</u>	Number of Shares		<u>Interest Addback</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$143	66.1	76.1	\$14.2
Between \$76 - \$143	66.1	71.9	\$5.7
Between \$0 - \$76	66.1	66.9	--
Net Loss	66.1	66.1	--

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.

- Special items include \$51 million of charges during the first quarter of 2003.
- 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.

Reconciliation of GAAP to Non-GAAP Financial Information

	1 st Qtr 2003	
(in millions except per share data)	<u>Net Income (Loss)</u>	
Mainline Operating Expenses - GAAP	\$1,955	
Items Excluded:		
MD80 Fleet impairment loss	(65)	
Fuel Expenses	(301)	
Mainline Operating Expenses - Non-GAAP	\$1,589	
ASMs	19,076	
CASM - GAAP (cents)	10.25	
CASM Ex-Fuel Excluding Special Items - Non-GAAP (cents)	8.33	

Mainline	1Q03 (cents)	1Q04 Range (cents)	Year-over-Year % Change
CASM - GAAP	10.25	9.82 - 9.87	(4.2) - (3.7)%
CASM Ex-Fuel Excluding Special Items - Non-GAAP	8.33	7.96 - 8.01	(4.4) - (3.8)%

