CONTINENTAL AIRLINES INC /DE/ Form 424B2 June 22, 2004

Filed Pursuant to Rule 424(b)(2) Registration No. 333-67886

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 23, 2001)

\$173,629,000

2004-ERJ1 Pass Through Trust

Pass Through Certificates, Series 2004-ERJ1

The Continental Airlines Class A Pass Through Certificates, Series 2004-ERJ1, are being offered under this prospectus supplement. The certificates represent interests in a trust to be established in connection with this offering.

The trust will use the proceeds from the sale of certificates to acquire equipment notes. The equipment notes will be issued on a nonrecourse basis by the trustees of separate owner trusts in connection with separate leveraged lease transactions to finance a portion of the purchase price of 16 Embraer EMB-145XR aircraft, of which ten have previously been delivered to Continental during 2004 and six are scheduled for delivery through September 2004. The aircraft will be leased to Continental. Rental payments under the leases will be used to make payments on the equipment notes. Payments on the equipment notes held in the trust will be passed through to the holders of the certificates.

The proceeds from the sale of certificates will initially be held in escrow pending purchase of equipment notes, except that a portion of such proceeds may be used at the closing of the offering to acquire equipment notes for previously delivered aircraft.

The equipment notes issued for each aircraft will have a security interest in such aircraft. Interest on the equipment notes will be payable monthly on the first day of each month after issuance, beginning on August 1, 2004. Principal payments on the equipment notes are scheduled on the first day of each month, beginning on or after August 1, 2004.

Citicorp North America, Inc. and WestLB AG, New York Branch, each will provide a liquidity facility for the certificates in an aggregate amount sufficient to make 18 monthly interest payments (except under certain specified circumstances).

The certificates will not be listed on any national securities exchange.

Investing in the certificates involves risks. See Risk Factors on page S-18.

F	Principal Amount Interest		Final Expected Distribution Date	Price to Public(1)
	\$173,629,000	9.558%	September 1, 2019	100%

⁽¹⁾ Plus accrued interest, if any, from the date of issuance.

The underwriters will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$173,629,000. Embraer will pay the underwriters compensation totaling \$2,187,725.40, representing underwriting commission as well as certain structuring fees. Citigroup acted as the structuring agent in connection with this transaction. Delivery of the certificates in book-entry form only will be made on or about June 29, 2004.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Citigroup
June 18, 2004

MORGAN STANLEY

PRESENTATION OF INFORMATION

These offering materials consist of two documents: (a) this Prospectus Supplement, which describes the terms of the certificates that we are currently offering, and (b) the accompanying Prospectus, which provides general information about our pass through certificates, some of which may not apply to the certificates that we are currently offering. The information in this Prospectus Supplement replaces any inconsistent information included in the accompanying Prospectus.

We have given certain capitalized terms specific meanings for purposes of this Prospectus Supplement. The Index of Terms attached as Appendix I to this Prospectus Supplement lists the page in this Prospectus Supplement on which we have defined each such term.

At various places in this Prospectus Supplement and the Prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this Prospectus Supplement and the Prospectus can be found is listed in the Table of Contents below. All such cross references in this Prospectus Supplement are to captions contained in this Prospectus Supplement and not in the Prospectus, unless otherwise stated.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may be accurate only on the date of this document.

PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information from this Prospectus Supplement and the accompanying Prospectus and may not contain all of the information that is important to you. For more complete information about the Certificates and Continental Airlines, you should read this entire Prospectus Supplement and the accompanying Prospectus, as well as the materials filed with the Securities and Exchange Commission that are considered to be part of this Prospectus Supplement and the Prospectus. See Incorporation of Certain Documents by Reference in this Prospectus Supplement and the Prospectus.

Summary of Terms of Certificates

Aggregate Face Amount	\$173,629,000
Ratings:	
Moody s	Ba2
Standard & Poor s	BBB-
Initial Loan to Aircraft Value (cumulative)(1)	52.5%
Expected Highest Loan to Aircraft Value (cumulative)(2)	52.5%
Initial Average Life (in years from Issuance Date)	9.2
Regular Distribution Dates	The first day of each month
Final Expected Regular Distribution Date	September 1, 2019
Final Maturity Date	March 1, 2021
Minimum Denomination	\$1,000
Section 1110 Protection	Yes
Liquidity Facilities Coverage	18 monthly interest payments

Class A Certificates

- (1) This percentage is determined as of October 1, 2004, the first Regular Distribution Date after all Aircraft are scheduled to have been delivered. In calculating this percentage, we have assumed that all Aircraft are financed under this offering prior to such date, that the maximum principal amount of Equipment Notes is issued and that the aggregate appraised value of the Aircraft is \$327,470,000 as of such date. The appraised value is only an estimate and reflects certain assumptions. See Description of the Aircraft and the Appraisals The Appraisals .
- (2) See Loan to Aircraft Value Ratios .

Equipment Notes and the Aircraft

Set forth below is certain information about the Equipment Notes expected to be held in the Trust and the aircraft expected to secure such Equipment Notes. Each aircraft is an Embraer model EMB-145XR aircraft.

Expected Registration Number	Manufacturer s Serial Number	Scheduled Delivery Month(1)	Maximum Principal Amount of Equipment Notes(2)	Appraised Value(3)
N11155	145782	January 2004	\$10,745,972	\$20,366,667
N10156	145786	February 2004	10,686,554	20,383,333
N12157	145787	February 2004	10,692,100	20,383,333
N14158	145791	March 2004	10,571,853	20,403,333
N17159	145792	March 2004	10,598,759	20,403,333
N12160	145799	April 2004	10,926,373	20,423,333
N13161	14500805	April 2004	11,062,500	20,423,333
N14162	14500808	May 2004	11,348,468	20,446,667
N12163	14500811	May 2004	10,748,893	20,446,667
N11164	14500817	June 2004	10,822,420	20,520,000
N11165	14500819	June 2004	11,013,029	20,520,000
N12166	14500831	July 2004	11,096,335	20,540,000
N12167	14500834	July 2004	11,096,335	20,540,000
N14168	14500840	August 2004	11,149,043	20,550,000
N17169	14500844	August 2004	11,152,077	20,550,000
N16170	14500850	September 2004	11,150,989	20,570,000

- (1) The Aircraft with manufacturer s serial numbers 145782, 145786, 145787, 145791, 145792, 145799, 14500805, 14500808, 14500811 and 14500817 were delivered and leased to Continental during 2004. These Aircraft are expected to be financed pursuant to this offering on the date that the Certificates are issued, although the financing for each Aircraft is subject to certain conditions and could be delayed. The delivery deadline for purposes of financing an Aircraft pursuant to this offering is December 31, 2004 (or later under certain circumstances). The actual delivery date for any Aircraft may be subject to delay or acceleration. See Description of the Aircraft and the Appraisals Deliveries of Aircraft . Continental has the option to substitute other aircraft if the delivery of any Aircraft is expected to be delayed for more than 30 days after the month scheduled for delivery or beyond the delivery deadline. See Description of the Aircraft and the Appraisals Substitute Aircraft .
- (2) The actual principal amount issued for an Aircraft may be less depending on the circumstances of the financing of such Aircraft. The aggregate principal amount of all of the Equipment Notes will not exceed the aggregate face amount of the Certificates.
- (3) The appraised value of each Aircraft set forth above is the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms, projected, in the case of Aircraft yet to be delivered, as of the scheduled delivery month of such Aircraft. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft and Description of the Aircraft and the Appraisals The Appraisals .

Loan to Aircraft Value Ratios

The following table sets forth loan to Aircraft value ratios (LTVs) for the Certificates as of October 1, 2004 (the first Regular Distribution Date that occurs after all Aircraft to be financed in this Offering are scheduled to have been delivered) and each sixth Regular Distribution Date thereafter. The LTVs for the Certificates for the period prior to October 1, 2004 are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trust and the related Aircraft will not be included in the calculation. The table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft .

Date	Aggregate Appraised Value(1)	Outstanding Pool Balance(2)	LTV(3)
October 1, 2004	\$327,470,000	\$171,967,209	52.5%
April 1, 2005	323,799,100	169,204,237	52.3
October 1, 2005	317,645,900	166,305,121	52.4
April 1, 2006	313,975,000	163,263,155	52.0
October 1, 2006	307,821,800	160,071,299	52.0
April 1, 2007	304,150,900	156,722,167	51.5
October 1, 2007	297,997,700	153,208,011	51.4
April 1, 2008	294,326,800	149,520,697	50.8
October 1, 2008	288,173,600	145,651,696	50.5
April 1, 2009	284,502,700	141,592,052	49.8
October 1, 2009	278,349,500	137,332,375	49.3
April 1, 2010	274,678,600	132,862,805	48.4
October 1, 2010	268,525,400	128,173,003	47.7
April 1, 2011	264,854,500	123,252,115	46.5
October 1, 2011	258,701,300	118,088,755	45.6
April 1, 2012	255,030,400	112,670,975	44.2
October 1, 2012	248,877,200	106,986,241	43.0
April 1, 2013	245,206,300	101,021,396	41.2
October 1, 2013	239,053,100	94,762,640	39.6
April 1, 2014	235,382,200	88,195,490	37.5
October 1, 2014	229,229,000	81,304,750	35.5
April 1, 2015	224,334,467	74,074,476	33.0
October 1, 2015	216,130,200	66,487,938	30.8
April 1, 2016	211,235,667	58,527,341	27.7
October 1, 2016	203,031,400	50,173,130	24.7
April 1, 2017	198,136,867	41,405,715	20.9
October 1, 2017	189,932,600	32,204,660	17.0
April 1, 2018	185,038,067	22,548,515	12.2
October 1, 2018	176,833,800	12,414,771	7.0
April 1, 2019	99,729,000	2,812,663	2.8

⁽¹⁾ In calculating the aggregate appraised value of the Aircraft, we have assumed that the appraised value of each Aircraft, determined as described under Equipment Notes and the Aircraft, declines on the Regular Distribution Date closest to the anniversary of its delivery by the manufacturer by approximately 3% per year of the initial appraised value at delivery for the first ten years after the delivery of such Aircraft, by approximately 4% per year for the next five years and by approximately 5% per year thereafter. The aggregate Aircraft value as of any date does not include the value of Aircraft as to which the Equipment Notes secured by such Aircraft are expected to have been paid in full on or prior to such date. Other rates or methods of depreciation would result in materially different LTVs. We cannot assure you that the depreciation rate and method used for purposes of the table will occur or predict the actual future value of any Aircraft. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft .

- (2) In calculating the outstanding balances, we have assumed that the Trust will acquire the maximum principal amount of Equipment Notes for all Aircraft prior to October 1, 2004.
- (3) The LTVs were obtained for each Regular Distribution Date by dividing (i) the expected outstanding balance of the Certificates after giving effect to the distributions expected to be made on such date, by (ii) the assumed value of all of the Aircraft on such date based on the assumptions described above. The outstanding balances and LTVs may change if, among other things, the aggregate principal amount of the Equipment Notes acquired by the Trust is less than the maximum permitted under the terms of this offering or the amortization of the Equipment Notes differs from the assumed amortization schedule calculated for purposes of this Prospectus Supplement.

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The above table was compiled on an aggregate basis. However, the Equipment Notes for an Aircraft will not have a security interest in any other Aircraft. This means that any excess proceeds realized from the sale of an Aircraft or other exercise of remedies will not be available to cover any shortfalls on the Equipment Notes relating to any other Aircraft. Therefore, upon an Indenture Default, even if the Aircraft as a group could be sold for more than the total amounts payable in respect of all of the outstanding Equipment Notes, if certain Aircraft were sold for less than the total amount payable in respect of the related Equipment Notes, there would not be sufficient proceeds to pay the Certificates in full. See Description of the Equipment Notes Loan to Value Ratios of Equipment Notes for examples of LTVs for the Equipment Notes issued in respect of individual Aircraft, which may be more relevant in a default situation than the aggregate values shown above.