

UNITED STATES  
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 12, 2008**

**CONTINENTAL AIRLINES, INC.**

(Exact Name of Registrant as Specified in Its Charter)

**DELAWARE**

(State or Other Jurisdiction of Incorporation)

**1-10323**

(Commission File Number)

**74-2099724**

(IRS Employer Identification No.)

**1600 Smith Street, Dept. HQSEO, Houston, Texas**

(Address of Principal Executive Offices)

**77002**

(Zip Code)

**(713) 324-2950**

(Registrant's Telephone Number, Including Area Code)

\_\_\_\_\_  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

<input type="checkbox"/>	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
<input type="checkbox"/>	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
<input type="checkbox"/>	Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 7.01. Regulation FD Disclosure.

On March 12, 2008, we will provide an update for investors presenting information relating to our financial and operational outlook for the first quarter and full year 2008, as well as other information. The letter is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 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 12, 2008

By /s/ Lori A. Gobillot

Lori A. Gobillot  
Staff Vice President and Assistant General  
Counsel

EXHIBIT INDEX

99.1 Investor Update

**Investor Update**

**Issue Date: March 12, 2008**

This investor update provides Continental's guidance for the first quarter 2008 and the full year 2008.

**Six Week Outlook**

The Company is comfortable with its forward bookings over the next six weeks. The Company continues to see year-over-year yield increases throughout all regions. Consolidated domestic bookings are running 1-2 points ahead of last year and Latin bookings are running 2-3 points ahead of last year. Transatlantic bookings are running several points behind on a capacity increase of approximately 14% year-over-year. Pacific bookings are also running several points behind last year in part due to increased competition in the region.

**Targeted Unrestricted Cash and Short Term Investments Balance**

Continental anticipates ending the first quarter of 2008 with an unrestricted cash and short-term investments balance of between \$2.7 and \$2.8 billion.

The anticipated unrestricted cash and short-term investments balance referenced above includes \$237 million of student loan-related auction rate securities that are expected to be reclassified as long-term investments by the end of the first quarter. For more information regarding these securities please see the Company's 2007 Form 10-K.

**Cargo, Mail, and Other Revenue**

Continental estimates Cargo, Mail, and Other Revenue will be between \$335 and \$345 million for the first quarter 2008.

<u>Available Seat Miles (ASMs)</u>	2008 Estimate	
	<u>Year-over-Year % Change</u>	
	<u>1<sup>st</sup> Qtr.(E)</u>	
Mainline		
Domestic	(0.6)%	
Latin America	6.8%	
Transatlantic	17.1%	
Pacific	2.8%	
Total Mainline	4.7%	
Regional	0.3%	
Consolidated		
Domestic	(0.5)%	
International	10.5%	
Total Consolidated	4.2%	

For the full year 2008, Continental currently expects to grow its mainline capacity (ASMs) by approximately 2% - 3% year-over-year (yoy) with mainline domestic capacity expected to be down slightly yoy.

**Load Factor**

	2008 Estimate	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year (E)</u>
Domestic	82 - 83%	84 - 85%
Latin America	82 - 83%	81 - 82%
Transatlantic	72 - 73%	78 - 79%
Pacific	74 - 75%	78 - 79%
Total Mainline	79 - 80%	81 - 82%
Regional	76 - 77%	78 - 79%
Consolidated	78 - 79%	81 - 82%

Continental's month-to-date Consolidated load factor is updated daily and can be found on the Financial and Traffic News Releases page at continental.com in the Investor Relations section under the About Continental menu.

**Pension Expense and Contributions**

In January, the Company contributed \$60 million to its defined benefit pension plans. The Company plans to contribute \$257 million to these benefit plans during 2008, but the Company has the flexibility to fund only the minimum requirement of \$140 million during the year.

Continental estimates that its non-cash pension expense will be approximately \$90 million for the year.

**Mainline Operating Statistics**

	2008 Estimate (cents)	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year(E)</u>
CASM	11.88 - 11.93	11.74 - 11.79
Special Items per ASM	--	--
CASM Less Special Items (a)	11.88 - 11.93	11.74 - 11.79
Aircraft Fuel & Related Taxes per ASM	(4.09)	(4.26)
CASM Less Special Items and Aircraft Fuel & Related Taxes (b)	7.79 - 7.84	7.48 - 7.53

**Consolidated Operating Statistics**

	2008 Estimate (cents)	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year (E)</u>
CASM	12.83 - 12.88	12.72 - 12.77
Special Items per ASM	--	--
CASM Less Special Items (a)	12.83 - 12.88	12.72 - 12.77
Aircraft Fuel & Related Taxes per ASM	(4.38)	(4.57)
CASM Less Special Items and Aircraft Fuel & Related Taxes (b)	8.45 - 8.50	8.15 - 8.20

**Stock Based Compensation**

Continental expects to record stock option expense of approximately \$4 million for the first quarter 2008 and \$13 million for the full year 2008.

Continental has granted profit based restricted stock unit ("RSU") awards pursuant to its Long-Term Incentive and RSU Program. Expense for these awards is recognized ratably over the required service period, with changes in the price of the Company's common stock and the payment percentage (which is tied to varying levels of cumulative profit sharing), resulting in a corresponding increase or decrease in "Wages, Salaries, and Related Costs" in the Company's consolidated statements of operations. The closing stock price of \$24.18 on February 29, 2008 was used in estimating the expense impact of the awards for the Company's 2008 cost estimates included herein. Based on the Company's current assumptions regarding payment percentages and the cumulative profit sharing targets to be achieved pursuant to the awards, the Company estimates that a \$1 increase or decrease in the price of its common stock from February 29, 2008 will result in an increase or decrease of approximately \$2 million in Wages, Salaries, and Related Costs attributable to the awards to be recognized in the first quarter 2008. For more information regarding these awards, including performance periods and how the Company accrues for the awards, please see the Company's 2007 Form 10-K.

**Fuel Gallons Consumed**

	2008 Estimate	
	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year (E)</u>
Mainline	374 Million	1,561 Million
Regional	77 Million	327 Million

<u>Fuel Price per Gallon (including fuel taxes and impact of hedges)</u>	<u>1<sup>st</sup> Qtr.(E)</u>	<u>Full Year (E)</u>
	\$2.76	\$2.89

**Fuel Hedges as of March 11, 2008**

For the first quarter 2008, Continental has hedged approximately 22% of its projected consolidated fuel requirements using zero cost collars in heating oil with an average call price of \$2.44 per gallon and an average put price of \$2.27 per gallon.

For the second quarter 2008, Continental has hedged approximately 17% of its projected consolidated fuel requirements using zero cost collars in heating oil with an average call price of \$2.59 per gallon and an average put price of \$2.43 per gallon.

For the un-hedged portion of its consolidated fuel requirements, the Company is assuming an average cost per barrel for crude oil based on the forward curve as of March 7, 2008 of \$97.56, \$103.15, \$101.16, and \$99.89 for the first, second, third and fourth quarters, respectively. An average jet fuel crack spread of approximately \$18.00 is assumed for the full year.

**Selected Expense Amounts**

	2008 Estimated Amounts (\$Millions)	
	1 <sup>st</sup> Qtr.(E)	Full Year.(E)
Aircraft Rent	\$247	\$971
Depreciation & Amortization	\$106	\$446
Net Interest Expense	\$59	\$265

**Continental Airlines, Inc. Tax Computation**

The Company has begun to recognize income tax expense/benefit in 2008. The Company does not expect to pay significant cash income taxes in 2008 as it has approximately \$3.8 billion of net operating loss carryforwards remaining to use to offset future cash income taxes.

2008 Estimate

	1 <sup>st</sup> Qtr.(E)	Full Year.(E)	
Taxes on Profit/(Loss)	Tax Rate of 36.9%	Tax Rate of 36.9%	Expense/(Benefit)
Permanent Tax Differences	\$ 1.6 Million	\$6.4 Million	Expense
Total Tax	Sum of the Above	Sum of the Above	Expense/(Benefit)

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

**Debt and Capital Leases**

Scheduled debt and capital lease principal payments for the full year 2008 are estimated to be \$657 million with first quarter 2008 payments estimated to be approximately \$155 million. However, there is approximately \$200 million of aircraft debt maturing this year that the Company expects to refinance.

**Cash Capital Expenditures (in millions)**

	2008(E) (\$Millions)
Fleet Related	\$145 - 170
Non-Fleet	300 - 350
Rotable Parts & Capitalized Interest	62
Total	\$507 - 582
Net Purchase Deposits Paid/(Refunded)	(23)
Total Cash Capital Expenditures	\$484 - 559

**EPS Estimated Share Count**

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

**First Quarter 2008 (Millions)**

Quarterly Earnings Level	Number of Shares		Interest addback (net of profit sharing and income taxes impact)
	Basic	Diluted	
Over \$48	98	114	\$3
Between \$13 - \$48	98	110	\$1
Under \$13	98	101	--
Net Loss	98	98	--

**Full Year 2008 (Millions)**

Year-to-date Earnings Level	Number of Shares		Interest addback (net of profit sharing and income taxes impact)
	Basic	Diluted	
Over \$198	99	114	\$12
Between \$53 - \$198	99	110	\$5
Under \$53	99	101	--
Net Loss	99	99	--

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) These financial measures provide management and investors the ability to measure and monitor Continental's performance on a consistent basis.

(b) Cost per available seat mile excluding special items, fuel, and related taxes is computed by multiplying fuel price per gallon, including fuel taxes, by fuel gallons consumed and subtracting that amount from operating expenses excluding special items then dividing by available seat miles. This statistic provides management and investors the ability to measure and monitor Continental's cost performance absent special items and fuel price volatility. Both the cost and availability of fuel are subject to many economic and political factors and therefore are beyond Continental's control.

*This update 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 2007 10-K and its other securities filings, including any amendments thereto, which identify important matters such as the consequences of the Company's high leverage, the significant cost of aircraft fuel, delays in scheduled aircraft deliveries, its high labor and pension costs, service interruptions at one of its hub airports, disruptions to the operations of its regional operators, disruptions in its computer systems, and industry conditions, including the airline pricing environment, industry capacity decisions, industry consoli dation, terrorist attacks, regulatory matters, excessive taxation, the availability and cost of insurance, public health threats, an economic downturn in the U.S. and global economies and the seasonal nature of the airline business. 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 update, except as required by applicable law.*