

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): **September 10, 2007**

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))

On September 10, 2007, we will provide an update for investors presenting information relating to our financial and operational outlook for the third quarter and full year 2007, and other information. The update 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.

September 10, 2007

By /s/ Lori A. Gobillot

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Lori A. Gobillot

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Staff Vice President and Assistant General
Counsel

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EXHIBIT INDEX

99.1 Investor Update

Investor Update

Issue Date: September 10, 2007

This investor update provides Continental's guidance for the third quarter 2007 and the full year 2007.

Advanced Booked Seat Factor Six Weeks Outlook

Mainline advanced booked seat factors, the percentage of available seats that are sold, for all regions are about flat or slightly ahead of last year's levels.

Targeted Unrestricted Cash and Short Term Investments Balance

Continental anticipates ending the third quarter of 2007 with an unrestricted cash and short-term investments balance of approximately \$3.0 billion.

Cargo, Mail, and Other Revenue

Continental estimates Cargo, Mail, and Other Revenue will be between \$300 and \$310 million for the third quarter 2007.

During 2007, the sublease income Continental receives from ExpressJet for the aircraft covered by the capacity purchase agreement between the Company and ExpressJet will continue to be accounted for as an offset to the Regional Capacity Purchase, Net line. However, the sublease income on the aircraft withdrawn from the capacity purchase agreement that ExpressJet elected to retain will be classified as Other Revenue. The Company estimates the sublease income from the withdrawn aircraft will be approximately \$25 million and \$26 million in the third and fourth quarters of 2007, respectively, and is included in the Company's Cargo, Mail, and Other Revenue guidance.

Available Seat Miles (ASMs)	2007 Estimate	
	<u>Year-over-Year % Change</u>	
	<u>3rd Qtr.(E)</u>	<u>Full Year (E)</u>
Mainline		
Domestic	4.5%	4.6%
Latin America	0.8%	2.1%
Transatlantic	11.1%	11.7%
Pacific	0.1%	0.9%
Total Mainline	5.3%	5.5%
Regional	(9.1)%	(4.9)%
Consolidated		
Domestic	2.0%	2.8%
International	5.5%	6.2%
Total Consolidated	3.5%	4.3%

For the full year 2008, Continental expects to grow its mainline capacity by approximately 3% - 4% year-over-year.

Load Factor

	2007 Estimate	
	<u>3rd Qtr.(E)</u>	<u>Full Year (E)</u>
Domestic	86 - 87%	84 - 85%
Latin America	82 - 83%	80 - 81%
Transatlantic	83 - 84%	79 - 80%
Pacific	81 - 82%	78 - 79%
Total Mainline	84 - 85%	82 - 83%
Regional	79 - 80%	78 - 79%
Consolidated	83 - 84%	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

Year-to-date, Continental has contributed a total of \$211 million to its qualified defined benefit pension plans. The Company plans to contribute more than \$325 million to its qualified defined benefit pension plans during 2007, significantly exceeding the minimum funding requirement of \$187 million during the year.

Continental estimates its non-cash pension expense will be approximately \$170 million for the year, which includes first and second quarter non-cash settlement charges of \$5 million and \$7 million, respectively, related to lump-sum distributions from the pilot's frozen defined benefit plan. Settlement charges are expected for the remainder of 2007, but currently cannot be estimated.

Mainline Operating Statistics

	2007 Estimate (cents)	
	<u>3rd Qtr.(E)</u>	<u>Full Year(E)</u>
CASM	10.84 - 10.89	10.79 - 10.84
Special Items per ASM (a)	- -	(0.02)

CASM Less Special Items (b)	10.84 - 10.89	10.77 - 10.82
Aircraft Fuel & Related Taxes per ASM	(3.32)	(3.16)
CASM Less Special Items and Aircraft Fuel & Related Taxes (c)	7.52 - 7.57	7.61 - 7.66

Consolidated Operating Statistics

	2007 Estimate (cents)	
	3 rd Qtr.(E)	Full Year (E)
CASM	11.67 - 11.72	11.66 - 11.71
Special Items per ASM (a)	- -	(0.02)
CASM Less Special Items (b)	11.67 - 11.72	11.64 - 11.69
Aircraft Fuel & Related Taxes per ASM	(3.55)	(3.40)
CASM Less Special Items and Aircraft Fuel & Related Taxes (c)	8.12 - 8.17	8.24 - 8.29

Profit Sharing

Based on current conditions, the Company's most recently prepared internal forecast for the full year 2007 contains an accrual for profit sharing. There can be no assurance that the Company's forecast will approximate actual results. Generally, the profit sharing program provides for a profit sharing pool for eligible employees of 30% of the first \$250 million of annual pre-tax income, 25% of the next \$250 million, and 20% thereafter (with certain adjustments to pre-tax income as defined in the profit sharing program). Profit sharing expense is accrued each quarter based on the actual cumulative profits earned year-to-date. For more information regarding this program, please see the Company's 2006 Form 10-K.

Stock Based Compensation

Continental expects to record stock option expense of \$6 million for the third quarter 2007 and \$21 million for the full year 2007.

Continental has granted stock price based restricted stock unit ("RSU") awards and profit based RSU awards (together the "Awards") pursuant to its Long-Term Incentive and RSU Program. Expense for each of these Awards is recognized ratably over the required service period, with changes in the price of the Company's common stock or, in the case of the profit based RSUs Awards, 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 \$34.07 on September 5, 2007 was used in estimating the expense impact of the Awards for the Company's 2007 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 September 5, 2007 will result in an increase or decrease of approximately \$4 million in Wages, Salaries, and Related Costs attributable to the Awards to be recognized in the third quarter 2007. For more information regarding these Awards, including performance periods and how the Company accrues for the Awards, please see the Company's 2006 Form 10-K.

Fuel Gallons Consumed

	2007 Estimate	
	3 rd Qtr.(E)	Full Year (E)
Mainline	405 Million	1,542 Million
Regional	80 Million	315 Million

Fuel Price per Gallon (including fuel taxes and impact of hedges)

\$2.22	\$2.11
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Fuel Hedges

As of September 10th, Continental had hedged approximately 35% of its projected fuel requirements for the third quarter using zero cost collars in heating oil with an average call price of \$2.02 per gallon and an average put price of \$1.86 per gallon.

For the fourth quarter, Continental had hedged approximately 27% of its projected requirements using zero cost collars in heating oil with an average call price of \$2.20 per gallon and an average put price of \$2.03 per gallon.

Selected Expense Amounts

	2007 Estimated Amounts (\$Millions)	
	3 rd Qtr.(E)	Full Year (E)
Aircraft Rent	\$249	\$993
Depreciation & Amortization	\$105	\$415
Net Interest Expense	\$45	\$192

Continental Airlines, Inc. Tax Computation

The Company does not anticipate recording any significant provision for income taxes on any book income in 2007 due to book net operating losses for which it has not previously recognized a tax benefit. The Company does expect to record minimal tax expense and pay minimal cash taxes in 2007 mainly attributable to the federal alternative minimum tax and state and foreign taxes. The Company estimates that its effective tax rate will be between 1% - 2% for the third quarter and full year 2007.

Cash Capital Expenditures

	2007 Estimate (\$Millions)	
	3 rd Qtr.(E)	Full Year (E)
Fleet Related	\$160	
Non-Fleet	215	
Rotable Parts & Capitalized Interest	55	
Total	\$430	
Net Purchase Deposits	205	
Total Cash Capital Expenditures	\$635	

EPS Estimated Share Count

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

Third Quarter 2007 (Millions)

Quarterly Earnings Level	Number of Shares		Interest Addback (net of profit sharing and income taxes impact)
	Basic	Diluted	
Over \$72	98	114	\$4
Between \$19 - \$72	98	110	\$2
Under \$19	98	101	--
Net Loss	98	98	--

Full Year 2007 (Millions)

Year-to-date Earnings Level	Number of Shares		Interest Addback (net of profit sharing and income taxes impact)
	Basic	Diluted	
Over \$285	97	115	\$18
Between \$76 - \$285	97	110	\$7
Under \$76	97	101	--
Net Loss	97	97	--

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.

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 2006 10-K and its other securities filings, including any amendments thereto, which identify important matters such as the consequences of the Company's significant financial losses and high leverage, the significant cost of aircraft fuel, its high labor and pension costs, service interruptions at one of its hub airports, disruptions in its computer systems, and industry conditions, including the airline pricing environment, industry capacity decisions, industry consolidation, terrorist attacks, regulatory matters, excessive taxation, the availability and cost of insurance, public health threats 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.

Reconciliation of GAAP to Non-GAAP Financial Information (millions except CASM data)

Mainline	3rd Qtr. Range(E)		Full Year Range(E)	
Operating Expenses - GAAP	\$ 2,938	\$ 2,952	\$ 11,120	\$ 11,171
Special Items (a)	-	-	(18)	(18)
Operating Expenses Excluding Special Items - Non-GAAP (b)	\$ 2,938	\$ 2,952	\$ 11,102	\$ 11,153
Aircraft Fuel & Related Taxes	(899)	(899)	(3,254)	(3,254)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	\$ 2,039	\$ 2,053	\$ 7,848	\$ 7,899
ASMs (millions)	27,113	27,113	103,050	103,050

Mainline CASM (cents)

CASM-GAAP	10.84	10.89	10.79	10.84
Special Items (a)	-	-	(0.02)	(0.02)
CASM Excluding Special Items - Non-GAAP (b)	10.84	10.89	10.77	10.82
Aircraft Fuel & Related Taxes per ASM	(3.32)	(3.32)	(3.16)	(3.16)
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (c)	7.52	7.57	7.61	7.66

Consolidated (Mainline plus Regional)	3rd Qtr. Range(E)		Full Year Range(E)	
Operating Expenses - GAAP	\$ 3,535	\$ 3,551	\$ 13,476	\$ 13,534
Special Items (a)	-	-	(18)	(18)
Operating Expenses Excluding Special Items - Non-GAAP (b)	\$ 3,535	\$ 3,551	\$ 13,458	\$ 13,516
Aircraft Fuel & Related Taxes	(1,077)	(1,077)	(3,918)	(3,918)
	\$ 2,458	\$ 2,474	\$ 9,540	\$ 9,598

Operating Expenses Excluding Special Items and
Aircraft Fuel & Related Taxes - Non-GAAP (b)

ASMs (millions)	30,298	30,298	115,657	115,657
<u>Consolidated CASM (cents)</u>				
CASM-GAAP	11.67	11.72	11.66	11.71
Special Items (a)	-	-	(0.02)	(0.02)
CASM Excluding Special Items - Non-GAAP (b)	11.67	11.72	11.64	11.69
Aircraft Fuel & Related Taxes per ASM	(3.55)	(3.55)	(3.40)	(3.40)
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (c)	8.12	8.17	8.24	8.29

(a) Full Year special items include special charges of \$18 million for the first six months of 2007 related to settlement charges for lump-sum distributions from the pilot pension plans and aircraft related charges.

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

(c) Cost per available seat mile excluding fuel, related taxes and special items 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.