

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): **October 18, 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))

**Item 2.02. Results of Operations and Financial Condition.**

On October 18, 2007, Continental Airlines, Inc. (the "Company") issued a press release announcing its financial results for the third quarter of 2007. The press release contains certain non-GAAP financial information. The reconciliation of such non-GAAP financial information to GAAP financial measures is included in the press release and the schedules thereto. Further, the press

release contains statements intended as "forward-looking statements," all of which are subject to the cautionary statement about forward-looking statements set forth therein. The press release is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

In accordance with SEC Release No. 33-8176, the information contained in such press release shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such a filing.

Item 7.01. Regulation FD Disclosure.

On October 18, 2007, we will provide an update for investors presenting information relating to our operational results for the third quarter of 2007, our outlook for the fourth quarter and full year 2007, and other information. The update is furnished herewith as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 99.1 Third Quarter Earnings Press Release dated October 18, 2007
- 99.2 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.

October 18, 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





# News Release

**Contact:** Corporate Communications

**Houston:** 713.324.5080

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**News archive:** [continental.com/company/news/](http://continental.com/company/news/) **Address:** P.O. Box 4607, Houston, TX 77210-4607

## CONTINENTAL AIRLINES ANNOUNCES

### \$241 MILLION THIRD QUARTER PROFIT

*Operating income of \$280 million is third quarter record; company accrues record profit sharing*

HOUSTON, Oct. 18, 2007 - Continental Airlines (NYSE: CAL) today reported third quarter 2007 net income of \$241 million (\$2.15 diluted earnings per share). Excluding a special charge of \$12 million for pilot pension plan settlement charges, Continental recorded net income of \$253 million (\$2.25 diluted earnings per share), an improvement of 73 percent compared to the same period last year.

During the quarter, revenue grew 8.6 percent compared to the third quarter 2006, to a record \$3.8 billion. Continental's operating income increased 45.8 percent over the same period last year, to a third quarter record of \$280 million.

"Our success is due to the hard work and dedication of my co-workers," said Larry Kellner, Continental's chairman and chief executive officer. "Their commitment to great service has enabled us to record the highest quarterly revenue in our company's history."

Through Sept. 30, 2007, the company has accrued \$157 million for its current year profit sharing, a \$59 million increase over the same nine-month period last year. The actual amount of profit sharing that the company will be able to distribute to employees in February 2008, could increase or decrease depending on the company's fourth quarter financial results. Employees have also benefited from stock option appreciation. At yesterday's closing stock price of \$36.23 per share, the realized and unrealized gains from their options were approximately \$200 million.

### **Third Quarter Revenue and Capacity**

Record passenger revenue of \$3.5 billion increased 8.7 percent (\$280 million) compared to the third quarter 2006, led by strong international revenue growth.

Consolidated revenue passenger miles (RPMs) for the quarter increased 5.7 percent year-over-year on a capacity increase of 3.7 percent, resulting in a record third quarter consolidated load factor of 83.8 percent, 1.6 points above the previous third quarter record set in 2006. Consolidated passenger revenue per available seat mile (RASM) for the quarter was up 4.8 percent year-over-year.

Mainline RPMs in the third quarter 2007 increased 7.4 percent over the third quarter 2006, on a capacity increase of 5.4 percent. Mainline load factor was a record 84.3 percent, up 1.6 points year-over-year. Continental's mainline yield increased 4.1 percent over the same period in 2006. Third quarter 2007 mainline RASM was up 6.0 percent over the same period last year as a result of record load factors, a domestic yield increase of 1.3 percent and an international yield increase of 7.0 percent.

Passenger revenue for the third quarter of 2007 and period-to-period comparisons of related statistics by geographic region for the company's mainline and regional operations are as follows:

<b>Passenger Revenue (in millions)</b>	<b>Percentage Increase (Decrease) in Third Quarter 2007 vs. Third Quarter 2006</b>		
	<b>Passenger Revenue</b>	<b>RASM</b>	<b>ASMs</b>

Domestic	\$1,491	7.3 %	2.5 %	4.7 %
Trans-Atlantic	776	22.2 %	9.8 %	11.3 %
Latin America	393	11.1 %	9.9 %	1.1 %
Pacific	277	10.2 %	9.9 %	0.2 %
Total Mainline	\$2,937	11.7 %	6.0 %	5.4 %
Regional	\$ 574	(4.5)%	4.7 %	(8.8)%
Consolidated	\$3,511	8.7 %	4.8 %	3.7 %

### Operational Accomplishments

During the quarter, Continental recorded a U.S. Department of Transportation (DOT) on-time arrival rate of 77.3 percent and a systemwide mainline segment completion factor of 99.3 percent.

"Despite air traffic control challenges, my co-workers delivered excellent service this quarter, allowing us to again grow our revenue," said Continental's President Jeff Smisek. "Continental's operations continue to be adversely impacted by our nation's antiquated air traffic control system, which is not keeping up with the demand for air travel in this country, especially along the northeast corridor."

Continental's employees earned \$12 million in performance incentives during the quarter for running the best on-time operation among the major network carriers in August and September, and for finishing in the top three of the major network carriers for on-time performance in July. Continental's employees have earned on-time incentives eight out of the past nine months.

During the quarter, Continental announced a plan to grow its capacity at Cleveland Hopkins International Airport by 40 percent over a two-year period. The company will initially operate 50 new flights, principally on regional jets, and add 20 new nonstop destinations by next summer, including seasonal service to Paris.

Continuing its international expansion, Continental inaugurated nonstop service between its New York hub at Newark Liberty International Airport and Mumbai, India on Oct. 1. In addition, the DOT tentatively allocated seven weekly frequencies for Continental to operate nonstop service between New York/Newark Liberty and Shanghai and through-flight service between Cleveland and Shanghai beginning March 2009.

### Third Quarter Financial Results

Continental's mainline cost per available seat mile (CASM) increased 3.1 percent (3.3 percent holding fuel rate constant) in the third quarter compared to the same period last year.

During the quarter, the price of a barrel of West Texas Intermediate crude oil closed at a peak of \$83.32 per barrel on Sept. 20, 2007. Yesterday, crude oil prices reached a new intra-day record high of \$89.00 per barrel. Continental's annualized fuel costs increase by approximately \$44 million for each \$1-per-barrel rise in the price of jet fuel.

"The high cost of fuel continues to pose challenges for us, but we'll keep working those costs we can control," said Jeff Misner, executive vice president and chief financial officer. "We are very close to finalizing a couple of major supplier cost reduction initiatives that, along with several other smaller initiatives, should save us approximately \$100 million annually on a run-rate basis when fully implemented, with some savings beginning in the fourth quarter."

Continental continues to enhance its fuel efficiency. The carrier is about 35 percent more fuel efficient per mainline revenue passenger mile than it was in 1997. With mainline RPMs up 7.4 percent for the third quarter, mainline fuel consumption increased only 4.9 percent.

During the quarter, the company completed installation of winglets on 11 long-range 737-300s and work continued on the project to install winglets on 37 of the company's 737-500s. Continental expects to have winglets installed on more than 200 mainline aircraft by the end of the year. Winglets increase aerodynamic efficiency and decrease drag, reducing fuel consumption and emissions by up to five percent.

Continental hedged approximately 35 percent of its fuel requirements for the third quarter of 2007. As of Sept. 30, 2007, the company had hedged approximately 30 percent of its projected fuel requirements for the fourth quarter of 2007, and 10 percent for the first quarter of 2008.

Continental ended the third quarter with \$3.0 billion in unrestricted cash and short-term investments.

## Other Accomplishments

Continental contributed \$125 million to its pension plans during the quarter and an additional \$75 million in October. The company has contributed \$336 million to its pension plans in 2007, significantly exceeding its minimum funding requirements of \$187 million for the calendar year.

During the quarter, Continental entered into agreements for the sale of 15 Boeing 737-500 aircraft to a Russian carrier and a subsidiary of a Russian leasing company. The first aircraft has been delivered. The remaining aircraft are scheduled to be delivered between November 2007 through December 2008. Continental will operate each aircraft until shortly before its delivery date. During the quarter, Continental began a multi-year marketing agreement with the New York Giants, signing on as the team's official airline. The agreement includes cooperative advertising and joint marketing fan promotions through 2010.

## Corporate Background

Continental Airlines is the world's fifth largest airline. Continental, together with Continental Express and Continental Connection, has more than 3,100 daily departures throughout the Americas, Europe and Asia, serving 143 domestic and 140 international destinations. More than 400 additional points are served via SkyTeam alliance airlines. With more than 45,000 employees, Continental has hubs serving New York, Houston, Cleveland and Guam, and together with Continental Express, carries approximately 67 million passengers per year. Continental consistently earns awards and critical acclaim for both its operation and its corporate culture. For more company information, visit [continental.com](http://continental.com).

Continental Airlines will conduct a regular quarterly telephone briefing today to discuss these results and the company's financial and operating outlook with the financial community and news media at 9:30 a.m. CT/10:30 a.m. ET. To listen to a live broadcast of this briefing, go to [continental.com](http://continental.com)>About Continental>Investor Relations.

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 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 press release, except as required by applicable law.

## CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES

### FINANCIAL SUMMARY

(In millions, except per share data) (Unaudited)

	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>	
Operating Revenue:						
Passenger (excluding fees and taxes of \$399, \$361, \$1,136 and \$1,040)	\$3,511	\$3,231	8.7 %	\$ 9,802	\$9,141	7.2 %
Cargo	112	117	(4.3)%	328	336	(2.4)%
Other	<u>197</u>	<u>170</u>	15.9 %	<u>579</u>	<u>494</u>	17.2 %
	<u>3,820</u>	<u>3,518</u>	8.6 %	<u>10,709</u>	<u>9,971</u>	7.4 %

### Operating Expenses:

Aircraft fuel and related taxes	895	858	4.3 %	2,399	2,310	3.9 %
Wages, salaries and related costs	836	743	12.5 %	2,404	2,159	11.3 %
Regional capacity purchase, net	446	475	(6.1)%	1,319	1,344	(1.9)%
Aircraft rentals	249	249	-	745	742	0.4 %
Landing fees and other rentals	209	195	7.2 %	592	578	2.4 %
Distribution costs	171	157	8.9 %	508	495	2.6 %

Maintenance, materials and repairs	166	140	18.6 %	479	407	17.7 %
Depreciation and amortization	106	99	7.1 %	306	292	4.8 %
Passenger services	105	97	8.2 %	294	268	9.7 %
Special charges (A)	12	1	NM	30	5	NM
Other	<u>345</u>	<u>312</u>	10.6 %	<u>1,027</u>	<u>923</u>	11.3 %
	<u>3,540</u>	<u>3,326</u>	6.4 %	<u>10,103</u>	<u>9,523</u>	6.1 %
Operating Income	<u>280</u>	<u>192</u>	45.8 %	<u>606</u>	<u>448</u>	35.3 %
Nonoperating Income (Expense):						
Interest expense	(96)	(99)	(3.0)%	(289)	(300)	(3.7)%
Interest capitalized	8	5	60.0 %	19	14	35.7 %
Interest income	44	37	18.9 %	121	92	31.5 %
Income from other companies	3	15	(80.0)%	13	49	(73.5)%
Gain on sale of investments	-	92	NM	7	92	NM
Other, net	<u>2</u>	<u>(5)</u>	NM	<u>18</u>	<u>1</u>	NM
	<u>(39)</u>	<u>45</u>	NM	<u>(111)</u>	<u>(52)</u>	NM
Income before Income Taxes and Cumulative Effect of Change in Accounting Principle	241	237	1.7 %	495	396	25.0 %
Income Taxes	-	-	-	(4)	-	NM
Cumulative Effect of Change in Accounting Principle (B)	<u>-</u>	<u>-</u>	--	<u>-</u>	<u>(26)</u>	NM
Net Income	<u>\$ 241</u>	<u>\$ 237</u>	1.7 %	<u>\$ 491</u>	<u>\$ 370</u>	32.7 %
Earnings per Share:						
Basic	<u>\$ 2.47</u>	<u>\$ 2.64</u>	(6.4)%	<u>\$ 5.08</u>	<u>\$ 4.19</u>	21.2 %
Diluted	<u>\$ 2.15</u>	<u>\$ 2.17</u>	(0.9)%	<u>\$ 4.42</u>	<u>\$ 3.50</u>	26.3 %
Shares used for Computation:						
Basic	98	90	8.9 %	97	88	10.2 %
Diluted	114	112	1.8 %	115	110	4.5 %

(A) During the third quarter of 2007 and 2006, the company recorded special charges of \$12 million and \$8 million, respectively, related to settlement charges for lump-sum distributions from the pilot pension plan. The remaining balance of the third quarter 2006 special charge is attributable to a \$7 million reduction of reserves related primarily to negotiated settlements on leased MD-80 grounded aircraft. During the nine months ended September 30, 2007, the company recorded special charges of \$30 million related to settlement charges for lump-sum distributions from the pilot pension plan and aircraft related charges. During the nine months ended September 30, 2006, the company recorded special charges of \$37 million related to settlement charges for lump-sum distributions from the pilot pension plan, partially offset by a \$14 million credit associated with the officers' surrender of March 2006 restricted stock units and a \$18 million reduction of reserves related primarily to negotiated settlements on leased MD-80 grounded aircraft.



(B) In connection with the adoption of SFAS 123(R), the company recorded a \$26 million cumulative effect of an accounting change to accrue the liability for fair value of restricted stock units as of January 1, 2006.

## CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES

### STATISTICS

	Three Months Ended September 30,		% Increase (Decrease)	Nine Months Ended September 30,		% Increase (Decrease)
	<u>2007</u>	<u>2006</u>		<u>2007</u>	<u>2006</u>	
<b>Mainline Operations:</b>						
Passengers (thousands)	13,286	12,522	6.1 %	38,649	36,753	5.2 %
Revenue passenger miles (millions)	22,883	21,312	7.4 %	64,038	59,963	6.8 %
Available seat miles (millions)	27,153	25,759	5.4 %	77,691	73,678	5.4 %
Cargo ton miles (millions)	250	268	(6.7)%	757	793	(4.5)%
Passenger load factor:						
Mainline	84.3%	82.7%	1.6 pts.	82.4%	81.4%	1.0 pts.
Domestic	85.9%	84.8%	1.1 pts.	84.4%	83.8%	0.6 pts.
International	82.5%	80.5%	2.0 pts.	80.3%	78.7%	1.6 pts.
Passenger revenue per available seat mile (cents)	10.82	10.21	6.0 %	10.49	10.04	4.5 %
Total revenue per available seat mile (cents)	11.93	11.38	4.8 %	11.66	11.22	3.9 %
Average yield per revenue passenger mile (cents)	12.84	12.34	4.1 %	12.73	12.34	3.2 %
Cost per available seat mile (CASM) (cents) (A)	10.85	10.52	3.1 %	10.75	10.53	2.1 %
Special charges per available seat mile (cents)	0.05	0.01	NM	0.04	0.01	NM
CASM, holding fuel rate constant (cents) (A)	10.87	10.52	3.3 %	10.77	10.53	2.3 %
Average price per gallon of fuel, including fuel taxes (cents)	220.57	221.47	(0.4)%	206.60	208.20	(0.8)%
Fuel gallons consumed (millions)	406	387	4.9 %	1,161	1,109	4.7 %
Actual aircraft in fleet at end of period	368	364	1.1 %	368	364	1.1 %
Average length of aircraft flight (miles)	1,488	1,478	0.7 %	1,452	1,438	1.0 %
Average daily utilization of each aircraft (hours)	11:52	11:30	3.1 %	11:38	11:12	3.9 %
<b>Regional Operations (B):</b>						
Passengers (thousands)	4,615	4,806	(4.0)%	13,549	13,763	(1.6)%
Revenue passenger miles (millions)	2,539	2,730	(7.0)%	7,457	7,783	(4.2)%
Available seat miles (millions)	3,193	3,503	(8.8)%	9,495	9,959	(4.7)%
Passenger load factor	79.5%	77.9%	1.6 pts.	78.5%	78.1%	0.4 pts.

Passenger revenue per available seat mile (cents)	17.96	17.15	4.7 %	17.38	17.48	(0.6)%
Average yield per revenue passenger mile (cents)	22.59	22.01	2.6 %	22.13	22.36	(1.0)%
Actual aircraft in fleet at end of period (C)	263	284	(7.4)%	263	284	(7.4)%

**Consolidated Operations (Mainline and Regional):**

Passengers (thousands)	17,901	17,328	3.3 %	52,198	50,516	3.3 %
Revenue passenger miles (millions)	25,422	24,042	5.7 %	71,495	67,746	5.5 %
Available seat miles (millions)	30,346	29,262	3.7 %	87,186	83,637	4.2 %
Passenger load factor	83.8%	82.2%	1.6 pts.	82.0%	81.0%	1.0 pts.
Passenger revenue per available seat mile (cents)	11.57	11.04	4.8 %	11.24	10.93	2.8 %
Average yield per revenue passenger mile (cents)	13.81	13.44	2.8 %	13.71	13.49	1.6 %

A. Includes impact of special charges.

B. Consists of flights operated under capacity purchase agreements with Continental's regional carriers ExpressJet, Chautauqua and CommutAir.

C. Includes aircraft operated by all carriers under capacity purchase agreements, but excludes any aircraft operated by ExpressJet outside the scope of the ExpressJet capacity purchase agreement.

**CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES**

**NON-GAAP FINANCIAL MEASURES**

	Three Months Ended September 30,			
	2007		2006	
<b>Earnings per Share</b>				
Diluted earnings per share	\$2.15		\$2.17	
Adjustments:				
Special charges	0.10		0.01	
Gain on sale of investments	—		(0.82)	
Diluted earnings per share, excluding special items (A)	\$2.25		\$1.36	

	Three Months Ended September 30,		% Increase
	2007	2006	(Decrease)
<b>Net Income (in millions)</b>			
	\$2.41	\$2.27	1.7%

Net income	\$241	\$257	1.7 %
Adjustments:			
Special charges	12	1	NM
Gain on sale of investments	—	_(92)	NM
Net income, excluding special items (A)	\$253	\$146	73.3 %

	Three Months Ended September 30,		% Increase
	2007	2006	(Decrease)
<b>CASM (cents)</b>			
Cost per available seat mile (CASM)	\$10.85	\$10.52	3.1 %
Less: Current year fuel cost per available seat mile (B)	(3.29)	-	NM
Add: Current year fuel cost at prior year fuel price per available seat mile (B)	<u>3.31</u>	—	NM
CASM, holding fuel rate constant (A)	10.87	10.52	3.3 %
Less: Special charges	(0.05)	(0.01)	NM
CASM holding fuel rate constant and excluding special charges (A)	\$10.82	\$10.51	2.9 %

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

B. Both the cost and availability of fuel are subject to many economic and political factors and are therefore beyond the company's control.

###

**Investor Update**

**Issue Date: October 18, 2007**

This investor update provides Continental's guidance for the fourth quarter 2007 and the full year 2007, as well as certain historical information pertaining to the third quarter 2007.

**Domestic Performance on a hub by hub basis**

Continental's third quarter 2007 consolidated domestic capacity at its New York Liberty hub increased 4.0% year-over-year ("yoy"), while traffic increased 6.7%, resulting in a load factor gain of 2.1 pts. Transcon capacity, which is a subset of New York Liberty capacity, was up 5.8% yoy in the third quarter while traffic was up 4.5%, resulting in a load factor decline of 1.2 pts.

Continental's third quarter 2007 consolidated domestic capacity at its Houston hub was down 0.8% yoy, with traffic up 0.2%, resulting in a load factor gain of 0.9 pts, while consolidated domestic capacity at its Cleveland hub was up 13.4% yoy, with traffic up 14.4%, resulting in a load factor gain of 0.7 pts.

**Advanced Booked Seat Factor Six Week Outlook**

Mainline advanced booked seat factors, the percentage of available seats that are sold, are about flat or slightly ahead of last year's levels for all regions except the Pacific region, which is running slightly behind last year's level due to weaker sales in Japan. However, the Company expects this booking gap to close and the fourth quarter load factor for the Pacific region to be about flat to up slightly yoy.

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

Continental anticipates ending the fourth quarter of 2007 with an unrestricted cash and short-term investments balance of between \$2.9 and \$3.0 billion.

**Cargo, Mail, and Other Revenue**

Continental estimates Cargo, Mail, and Other Revenue will be between \$305 and \$315 million for the fourth 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 \$26 million in the fourth quarter 2007 and is included in the Company's Cargo, Mail, and Other Revenue guidance.

<b><u>Available Seat Miles (ASMs)</u></b>	<b><u>2007 Estimate Year-over-Year % Change 4<sup>th</sup> Qtr.(E)</u></b>
Mainline	
Domestic	3.5%
Latin America	3.3%
Transatlantic	14.2%
Pacific	3.2%
Total Mainline	5.9%
Regional	(5.7)%
Consolidated	
Domestic	1.8%
International	8.4%
Total Consolidated	4.5%

For the full year 2008, Continental expects to grow its mainline capacity by approximately 3% - 4% year-over-year, with a mainline domestic capacity growth of less than 1%.

<b><u>Load Factor</u></b>	<b><u>2007 Estimate 4<sup>th</sup> Qtr.(E)</u></b>
Domestic	83 - 84%
Latin America	79 - 80%
Transatlantic	77 - 78%
Pacific	76 - 77%
Total Mainline	80 - 81%
Regional	78 - 79%
Consolidated	80 - 81%

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**

Through October 18, 2007, Continental has contributed a total of \$336 million to its qualified defined benefit pension plans, exceeding the minimum funding requirement of \$187 million during the calendar year.

Continental estimates its non-cash pension expense will be approximately \$183 million for the year, which includes first, second, and third quarter non-cash settlement charges of \$5 million, \$7 million, and \$12 million, respectively, related to lump-sum distributions from the pilot's frozen defined benefit plan. Settlement charges are also expected for the fourth quarter of 2007, but currently cannot be estimated.

<b>Mainline Operating Statistics</b>	<u>2007 Estimate (cents)</u>
	<u>4<sup>th</sup> Qtr.(E)</u>
CASM	11.13 - 11.18
Special Items per ASM	- -
CASM Less Special Items (a)	11.13 - 11.18
Aircraft Fuel & Related Taxes per ASM	(3.52)
CASM Less Special Items and Aircraft Fuel & Related Taxes (b)	7.61 - 7.66

<b>Consolidated Operating Statistics</b>	<u>2007 Estimate (cents)</u>
	<u>4<sup>th</sup> Qtr.(E)</u>
CASM	12.01 - 12.06
Special Items per ASM	- -
CASM Less Special Items (a)	12.01 - 12.06
Aircraft Fuel & Related Taxes per ASM	(3.78)
CASM Less Special Items and Aircraft Fuel & Related Taxes (b)	8.23 - 8.28

### **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 \$4 million for the fourth 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 \$33.03 on September 28, 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 28, 2007 will result in an increase or decrease of approximately \$5 million in Wages, Salaries, and Related Costs attributable to the Awards to be recognized in the fourth 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**

	<u>2007 Estimate</u>
	<u>4<sup>th</sup> Qtr.(E)</u>
Mainline	381 Million
Regional	78 Million

<b><u>Fuel Price per Gallon</u></b> (including fuel taxes and impact of hedges)	\$2.35
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### **Fuel Hedges**

As of September 30<sup>th</sup>, Continental had hedged approximately 30% of its projected fuel requirements for the fourth quarter using zero cost collars in heating oil with an average call price of \$2.22 per gallon and an average put price of \$2.05 per gallon.

For the first quarter 2008, Continental had hedged approximately 10% of its projected requirements using zero cost collars in heating oil with an average call price of \$2.25 per gallon and an average put price of \$2.08 per gallon.

For the un-hedged portion of our fourth quarter fuel requirements, we are assuming an average cost per barrel for crude oil of \$78.33, based on the forward curve as of October 8th, and a jet fuel crack spread of \$17.

**Selected Expense Amounts**

**2007 Estimated Amounts (\$Millions)**

	<u>4<sup>th</sup> Qtr.(E)</u>
Aircraft Rent	\$249
Depreciation & Amortization	\$105
Net Interest Expense	\$45

**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. During the third quarter of 2007, the Company recorded a 2006 federal income tax credit which reduced the tax rate for the quarter and the full year. The Company estimates that its effective tax rate will be less than 1 % for the full year 2007.

**Cash Capital Expenditures**

**2007 Estimate (\$Millions)**

Fleet Related	\$160
Non-Fleet	215
Rotable Parts & Capitalized Interest	<u>60</u>
Total	\$435
Net Purchase Deposits	<u>210</u>
Total Cash Capital Expenditures	\$645

**EPS Estimated Share Count**

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

**Fourth Quarter 2007 (Millions)**

<u>Quarterly Earnings Level</u>	<u>Number of Shares</u>		<u>Interest Addback (net of profit sharing and income taxes impact)</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$72	98	115	\$4
Between \$19 - \$72	98	111	\$2
Under \$19	98	102	--
Net Loss	98	98	--

**Full Year 2007 (Millions)**

<u>Year-to-date Earnings Level</u>	<u>Number of Shares</u>		<u>Interest Addback (net of profit sharing and income taxes impact)</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$286	97	115	\$18
Between \$76 - \$286	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)

<b>Mainline</b>	<b><u>4th Qtr. Range(E)</u></b>	
Operating Expenses - GAAP	\$ 2,828	\$ 2,841
Special Items	-	-
Operating Expenses Excluding Special Items - Non-GAAP (a)	\$ 2,828	\$ 2,841

Aircraft Fuel & Related Taxes	(895)	(895)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (a)	\$ 1,933	\$ 1,946
ASMs (millions)	25,404	25,404
<u>Mainline CASM (cents)</u>		
CASM-GAAP	11.13	11.18
Special Items	-	-
CASM Excluding Special Items - Non-GAAP (a)	11.13	11.18
Aircraft Fuel & Related Taxes per ASM	(3.52)	(3.52)
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	7.61	7.66

<b>Consolidated (Mainline plus Regional)</b>	<u>4th Qtr. Range(E)</u>	
Operating Expenses - GAAP	\$ 3,425	\$ 3,439
Special Items	=	=
Operating Expenses Excluding Special Items - Non-GAAP (a)	\$ 3,425	\$ 3,439
Aircraft Fuel & Related Taxes	(1,079)	(1,079)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (a)	\$ 2,346	\$ 2,360
ASMs (millions)	28,509	28,509

<u>Consolidated CASM (cents)</u>		
CASM-GAAP	12.01	12.06
Special Items	-	-
CASM Excluding Special Items - Non-GAAP (a)	12.01	12.06
Aircraft Fuel & Related Taxes per ASM	(3.78)	(3.78)
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	8.23	8.28

(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 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.

## Fleet News

### Continental Airlines Fleet Plan

**Includes Aircraft Operated by the Company or Operated on the Company's Behalf Under a Capacity Purchase Agreement**

**September 30, 2007**

	Total	Net Inductions and Exits		Total
	YE 2006	2007E	2008E	YE 2008E
<b>Mainline</b>				
777-200ER	18	2	--	20
767-400ER	16	-	--	16
767-200ER	10	-	--	10
757-300	17	-	--	17
757-200	41	-	--	41
737-900ER	--	-	21	21
737-900*	12	-	--	12
737-800*	105	-	12	117
737-700	36	-	--	36
737-500**	63	(3)	(12)	48
737-300**	48	-	(7)	41
<b>Total</b>	<b>366</b>	<b>(1)</b>	<b>14</b>	<b>379</b>
<b>Regional</b>				
ERJ-145XR	103	(43)	-	60
ERJ-145	139	(4)	-	135
ERJ-135	30	-	-	30
CRJ200LR	-	24	-	24
Q400	-	-	15	15
Q200	-	10	6	16
Beech 1900	10	(6)	(4)	--
<b>Total</b>	<b>282</b>	<b>(19)</b>	<b>17</b>	<b>280</b>
<b>Total Count</b>	<b>648</b>	<b>(20)</b>	<b>31</b>	<b>659</b>