

CONTINENTAL AIRLINES INC /DE/

Form DEF 14A

April 24, 2009

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

Continental Airlines, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
 - Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
- (1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.
- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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April 24, 2009

To Our Stockholders:

On behalf of our Board of Directors, we are pleased to invite you to attend the Continental Airlines, Inc. 2009 Annual Meeting of Stockholders. As indicated in the attached notice, the meeting will be held at The Hyatt Regency, 1200 Louisiana Street, Houston, Texas on Wednesday, June 10, 2009, at 10:00 a.m., local time. At the meeting, our stockholders will act on the matters described in the attached proxy statement and there will be an opportunity to discuss other matters of interest to you as a stockholder.

We have elected to take advantage of U.S. Securities and Exchange Commission rules that allow companies to furnish proxy materials to their stockholders on the internet. We believe that these rules allow us to provide our stockholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our annual meeting.

Your vote is important. Even if you plan to attend the meeting in person, please authorize your proxy or direct your vote by following the instructions on each of your voting options described in the attached proxy statement and the notice of internet availability you received in the mail. Alternatively, if you received printed proxy materials, you may vote your shares by internet, telephone or mail pursuant to the instructions included on the proxy card or voting instruction card. We look forward to seeing you in Houston.

Cordially,

Larry Kellner
*Chairman and
Chief Executive Officer*

Jeff Smisek
*President and
Chief Operating Officer*

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**CONTINENTAL AIRLINES, INC.
1600 Smith Street, Dept. HQSEO
Houston, Texas 77002**

**NOTICE OF 2009 ANNUAL MEETING OF STOCKHOLDERS
To Be Held June 10, 2009**

The 2009 annual meeting of stockholders of Continental Airlines, Inc. will be held at The Hyatt Regency, 1200 Louisiana Street, Houston, Texas on Wednesday, June 10, 2009, at 10:00 a.m., local time, for the following purposes:

1. To elect the nine directors named in the attached proxy statement to serve until the next annual meeting of stockholders;
2. To consider and act upon a proposal to amend the company's 2004 Employee Stock Purchase Plan to (i) authorize the sale of an additional 3.5 million shares of common stock under the plan, under which there are no shares currently available for issuance, and (ii) extend the term of the plan until December 31, 2019;
3. To consider and act upon a proposal to ratify the appointment of Ernst & Young LLP as the independent registered public accounting firm of the company and its subsidiaries for the fiscal year ended December 31, 2009;
4. To consider and act upon two stockholder proposals, if properly presented at the meeting; and
5. To consider and act upon any other matters that may properly come before the meeting or any postponement or adjournment thereof.

The holders of record of the company's common stock at the close of business on April 15, 2009 are entitled to notice of and to vote at the meeting. A list of the stockholders entitled to vote at the meeting will be available for examination, during ordinary business hours, for ten days before the meeting at our principal place of business, 1600 Smith Street, Houston, Texas.

Jennifer L. Vogel
Secretary

Houston, Texas
April 24, 2009

Even if you plan to attend the meeting in person, please authorize your proxy or direct your vote by following the instructions on each of your voting options described in the attached proxy statement and the notice of internet availability you received in the mail. Alternatively, if you received printed proxy materials, you may vote your shares by internet, telephone or mail pursuant to the instructions included on the proxy card or voting instruction card. If you mail the proxy or voting instruction card, no postage is required if mailed in the United States. If you do attend the meeting in person and want to withdraw your proxy, you may do so as described in the attached proxy statement and vote in person on all matters properly brought before the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON JUNE 10, 2009. The company's notice of annual meeting and proxy statement and 2008 annual report to stockholders are available on the internet at *www.proxyvote.com*.

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**CONTINENTAL AIRLINES, INC.
1600 Smith Street, Dept. HQSEO
Houston, Texas 77002**

PROXY STATEMENT

**2009 ANNUAL MEETING OF STOCKHOLDERS
To Be Held June 10, 2009**

THE MEETING

Purpose, Place, Date and Time

We are providing this proxy statement to you in connection with the solicitation on behalf of Continental's board of directors, which we refer to as the board, of proxies to be voted at the company's 2009 annual meeting of stockholders or any postponement or adjournment of that meeting. The meeting will be held at The Hyatt Regency, 1200 Louisiana Street, Houston, Texas on Wednesday, June 10, 2009, at 10:00 a.m., local time, for the purposes set forth in the accompanying Notice of 2009 Annual Meeting of Stockholders, which we refer to as the Meeting Notice.

Internet Availability of Proxy Materials

We have elected to take advantage of the Notice and Access rules adopted by the U.S. Securities and Exchange Commission (the SEC), which allow public companies to deliver to their stockholders a Notice of Internet Availability of Proxy Materials and to provide internet access to the proxy materials and annual reports to security holders.

Accordingly, on or about April 29, 2009, we will begin mailing to our stockholders of record a Notice of Internet Availability of Proxy Materials, which we refer to as the Notice of Internet Availability, except for stockholders who indicated on their proxy cards for our 2007 or 2008 annual meeting of stockholders their preference to receive a full, printed set of materials for future meetings, to whom we will begin mailing the requested printed materials on such date. The Notice of Internet Availability will include instructions on accessing and reviewing our proxy materials and our 2008 annual report to stockholders on the internet, and will provide instructions on submitting a proxy on the internet.

At the time we begin mailing our Notice of Internet Availability, we will also first make available on the internet at www.proxyvote.com our Meeting Notice, our proxy statement and our 2008 annual report to stockholders. Any stockholder may also request a printed copy of these materials by any of the following methods:

internet at www.proxyvote.com;

e-mail at sendmaterial@proxyvote.com; or

telephone at 1-800-579-1639.

Pursuant to the SEC's rules, our 2008 annual report to stockholders, which includes our audited consolidated financial statements, is not considered a part of, or incorporated by reference in, the proxy solicitation materials.

Record Date; Stockholders Entitled to Vote

Stockholders with shares registered in their names with Mellon Investor Services LLC, Continental's transfer agent and registrar, are referred to as stockholders of record. Stockholders of record at the close of business on April 15, 2009, the record date, are entitled to notice of and to vote at the meeting and at any postponement or adjournment of the meeting. Stockholders with shares held in an account at a broker, bank, trust or other nominee are considered the beneficial owner of shares held in street name, and are entitled to direct their brokers, banks, trustees or other nominees on how to vote their shares.

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At the close of business on the record date, Continental had outstanding 123,551,098 shares of Class B common stock, which we refer to as common stock. Subject to certain limitations on voting by non-U.S. citizens as described below, each share of our common stock is entitled to one vote.

Restrictions on Voting by Non-U.S. Citizens

Under U.S. law, no more than 25% of the voting stock of a U.S. air carrier such as Continental may be owned or controlled, directly or indirectly, by persons who are not U.S. citizens, and Continental itself must be a U.S. citizen. For these purposes, a U.S. citizen means:

an individual who is a citizen of the United States;

a partnership, each of whose partners is an individual who is a citizen of the United States; or

a corporation or association organized under the laws of the United States or a state, the District of Columbia, or a territory or possession of the United States, of which the president and at least two-thirds of the board of directors and other managing officers are citizens of the United States, which is under the actual control of citizens of the United States, and in which at least 75% of the voting interest is owned or controlled by persons who are citizens of the United States.

The U.S. Department of Transportation determines, on a case-by-case basis, whether an air carrier is effectively owned and controlled by citizens of the United States.

In order to comply with these rules, our Amended and Restated Certificate of Incorporation provides that persons who are not U.S. citizens may not vote shares of our capital stock unless the shares are registered on a separate stock record maintained by us. A foreign holder wishing to register on this separate stock record should call us at (713) 324-5152 or send us a written request for registration identifying the full name and address of the holder, the holder's citizenship, the total number of shares held and the nature of such ownership (*i.e.*, record or beneficial). Such written requests should be addressed to our Secretary at Continental Airlines, Inc., P.O. Box 4607, Houston, Texas 77210-4607. We will not register shares on this record if the amount registered would cause us to violate the foreign ownership rules or adversely affect our operating certificates or authorities. Registration on this record is made in chronological order based on the date we receive a written request for registration. As of the record date, shares registered on this record comprised less than 25% of our voting stock.

Quorum

A quorum of stockholders is necessary for a valid meeting. The required quorum for the transaction of business at the meeting is a majority of the total outstanding shares of stock entitled to vote at the meeting, either present in person or represented by proxy.

Abstentions will be included in determining the number of shares present at the meeting for the purpose of determining the presence of a quorum, as will broker non-votes. A broker non-vote occurs under the rules of the New York Stock Exchange, or NYSE, when a bank, broker, trust or other nominee holding shares of record is not permitted to vote on a non-routine matter without instructions from the beneficial owner of the shares and no instruction is given. Under these NYSE rules, if you do not provide timely voting instructions to a broker, bank, trust or other nominee that holds your shares of record, that institution will be prohibited from voting on the amendment of the 2004 Employee Stock Purchase Plan (Proposal 2), on the stockholder proposal related to discontinuing stock option grants to senior executives (Proposal 4) or on the stockholder proposal related to reincorporating in North Dakota (Proposal 5), but will be permitted to vote in its discretion with respect to the election of directors (Proposal 1) and the

proposal to ratify the appointment of the independent registered public accounting firm (Proposal 3).

Vote Required for Proposal 1: Election of Directors

Directors will be elected by a plurality of the votes cast at the meeting for directors by the holders of common stock entitled to vote thereon.

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In the vote to elect directors, stockholders may:

vote in favor of all nominees;

withhold votes as to all nominees; or

withhold votes as to specific nominees.

Pursuant to our director resignation policy, if any of our director nominees receives more withhold votes than votes for his or her re-election, our board (or a committee designated by our board) would be required to consider whether to accept the director's previously tendered conditional resignation. For further discussion of this policy, please see Corporate Governance Corporate Governance Guidelines Director Resignation Policy below.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EACH OF THE NOMINEES.

Vote Required for Proposal 2: Amendment of the 2004 Employee Stock Purchase Plan

The proposal to amend the company's 2004 Employee Stock Purchase Plan will require approval by a majority of the votes cast at the meeting on Proposal 2 by the holders of common stock entitled to vote thereon. In addition, approval of the proposal under applicable NYSE rules requires that the total number of votes cast on the proposal represent a majority of the total outstanding shares entitled to vote on the proposal. For purposes of this proposal, abstentions are treated as votes cast and will have the same effect as votes against the proposal. Broker non-votes, however, are not treated as votes cast and will not be counted in determining whether the total number of votes cast on the proposal represents a majority of the total outstanding shares.

In the vote on the proposal to amend the 2004 Employee Stock Purchase Plan, stockholders may:

vote in favor of the proposal;

vote against the proposal; or

abstain from voting on the proposal (which is treated as a vote against the proposal).

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE PROPOSAL TO AMEND THE COMPANY'S 2004 EMPLOYEE STOCK PURCHASE PLAN.

Vote Required for Proposal 3: Ratification of Appointment of Independent Registered Public Accounting Firm

The proposal to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm will require approval by a majority of the votes cast at the meeting on Proposal 3 by the holders of common stock entitled to vote thereon. Abstentions are not treated as votes cast and thus will not affect the outcome of the proposal.

In the vote on the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm, stockholders may:

vote in favor of the ratification;

vote against the ratification; or

abstain from voting on the ratification.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

Vote Required for Proposal 4: Stockholder Proposal Related to Discontinuing Stock Option Grants to Senior Executives

The stockholder proposal related to discontinuing stock option grants to senior executives scheduled to be presented at the meeting will require approval by a majority of the votes cast at the meeting on Proposal 4 by the

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holders of common stock entitled to vote thereon. Neither abstentions nor broker non-votes are treated as votes cast and thus neither will affect the outcome of the proposal.

In the vote on this stockholder proposal, stockholders may:

vote in favor of the proposal;

vote against the proposal; or

abstain from voting on the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THE STOCKHOLDER PROPOSAL RELATED TO DISCONTINUING STOCK OPTION GRANTS TO SENIOR EXECUTIVES.

Vote Required for Proposal 5: Stockholder Proposal Related to Reincorporating in North Dakota

The stockholder proposal related to reincorporating the company under the laws of North Dakota scheduled to be presented at the meeting will require approval by a majority of the votes cast at the meeting on Proposal 5 by the holders of common stock entitled to vote thereon. Neither abstentions nor broker non-votes are treated as votes cast and thus neither will affect the outcome of the proposal.

In the vote on this stockholder proposal, stockholders may:

vote in favor of the proposal;

vote against the proposal; or

abstain from voting on the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THE STOCKHOLDER PROPOSAL RELATED TO REINCORPORATING IN NORTH DAKOTA.

Voting in Person at the Meeting

Stockholders of record are entitled to vote their shares held of record in person at the meeting and at any postponement or adjournment of the meeting. A ballot will be provided to any stockholder of record upon request at the meeting. A stockholder beneficially holding shares in street name may only vote those shares in person at the meeting if the stockholder obtains a legal proxy from the broker, bank, trustee or other nominee that holds the shares of record giving the beneficial stockholder the right to vote the shares. Even if you plan to attend the meeting, we recommend that you also submit your vote in advance of the meeting as described below to ensure that your vote will be counted if you later decide not to attend. Please see Other Matters Directions to our Meeting below for directions to the annual meeting site.

Voting in Advance of the Meeting

Whether you hold shares directly as the stockholder of record or beneficially in street name, you may direct how your shares are voted without attending the meeting. The internet and telephone proxy procedures described below are designed to authenticate stockholders identities, to allow stockholders to give their proxy instructions and to confirm that those instructions have been properly recorded. Stockholders authorizing proxies or directing the voting of shares

by internet should understand that there may be costs associated with electronic access, such as usage charges from internet access providers and telephone companies, which must be borne by the stockholder.

Stockholders of Record. If you hold shares of record, you may vote by proxy over the internet by following the instructions provided in the Notice of Internet Availability or, if you received printed proxy materials, you may also vote by internet, telephone or mail pursuant to the instructions included on the proxy card. Proxies submitted through Broadridge Financial Solutions, Inc. by internet or telephone must be received by 11:59 p.m. Eastern Time on June 9, 2009, and proxies submitted through Broadridge by mail must be received by 10:00 a.m. on the meeting date. The giving of such proxy will not affect your right to vote in person if you decide to attend the meeting.

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Beneficial Holders. If you hold shares beneficially in street name, you may direct the voting of those shares over the internet by following the instructions provided in the Notice of Internet Availability or, if you received printed proxy materials, you may also vote by internet, telephone or mail pursuant to the instructions included on the voting instruction card provided to you by your broker, bank, trustee or other nominee. Votes directed by internet or telephone must be received by 11:59 p.m. Eastern Time on June 9, 2009. Directing the voting of your shares will not affect your right to vote in person if you decide to attend the meeting; however, you must first obtain a legal proxy as described above under Voting in Person at the Annual Meeting.

Revocation of Proxies

If you are the record holder of your shares, you may revoke your proxy before it is exercised at the meeting in any of the following ways:

by submitting written notice to our Secretary before the meeting that you have revoked your proxy;

by timely submitting a subsequent proxy via the internet;

if you received a proxy card, by timely submitting a subsequent proxy via telephone or by mail that is properly signed; or

by voting in person at the meeting.

If you are not the record holder of your shares, you may revoke your proxy before it is exercised at the meeting by either:

timely submitting new voting instructions to the broker, bank, trustee or other nominee following the instructions they provided; or

voting in person at the meeting, provided you have a legal proxy from the holder of record.

Expenses of Solicitation

Continental will bear the costs of the solicitation of proxies. In addition to the solicitation of proxies by mail and internet, we may also solicit proxies by telephone, fax or in person. None of our regular employees or directors who engages in solicitation will receive additional compensation for that solicitation. In addition, we have retained Georgeson Inc. to assist in the solicitation of proxies for a fee estimated not to exceed \$10,000 plus reasonable out-of-pocket expenses. Arrangements will be made with brokerage houses and with other custodians, nominees and fiduciaries to forward proxy soliciting materials to beneficial owners, and we will reimburse them for their reasonable out-of-pocket expenses incurred in doing so.

Stockholders Sharing the Same Last Name and Address

We are sending only one copy of our Notice of Internet Availability or, as applicable, printed proxy materials to stockholders who share the same last name and address, unless they have notified us that they want to continue receiving multiple copies. This practice, known as householding, is designed to reduce duplicate mailings and save significant printing and postage costs.

We will deliver promptly to any stockholder who received a householded mailing this year, upon receipt of the stockholder's written or oral request, additional copies of our Notice of Internet Availability or, as applicable, printed

proxy materials. If you received a householded mailing this year and you would like to request additional copies, or if you would like to opt out of this practice for future mailings, please submit your request to our Secretary in writing at Continental Airlines, Inc., P.O. Box 4607, Houston, Texas 77210-4607 or call us at (713) 324-5152. Additionally, if you share the same last name and address with one or more other stockholders and you received multiple copies of the Notice of Internet Availability or, as applicable, printed proxy materials, you may contact us in the manner described above to request a single copy in the future.

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We have one class of securities outstanding that is entitled to vote on the matters to be considered at the meeting, Class B common stock, which is entitled to one vote per share, subject to the limitations on voting by non-U.S. citizens described above. The following table sets forth, as of the dates indicated below, information with respect to persons owning beneficially (to our knowledge) more than five percent of any class of our voting securities.

Name and Address of Beneficial Holder	Beneficial Ownership of Class B Common Stock	Percent of Class
FMR LLC 82 Devonshire Street Boston, MA 02109	16,289,668(1)	14.73%

- (1) According to an amendment to Schedule 13G filed with the SEC on February 17, 2009, FMR LLC (FMR), the parent holding company of Fidelity Management & Research Company (Fidelity), and Mr. Edward C. Johnson 3d (Mr. Johnson), Chairman of FMR, reported that they may be deemed to beneficially own the shares reported in the table. FMR reported sole voting power with respect to 993,438 shares and sole dispositive power with respect to 16,289,668 shares, and Mr. Johnson reported sole dispositive power with respect to 16,289,668 shares. The amendment also reported that (i) the sole dispositive power of FMR and Mr. Johnson includes the sole power to dispose of 15,280,540 shares beneficially owned directly by various investment companies for which Fidelity acts as an investment adviser (the Fidelity Funds) and (ii) Fidelity exercises the sole power to vote the shares beneficially owned directly by the Fidelity Funds pursuant to written guidelines established by the board of trustees of each Fidelity Fund.

Beneficial Ownership of Common Stock by Directors and Executive Officers

The following table shows, as of April 17, 2009, the number of shares of common stock beneficially owned by each individual who served as a director in 2008, each current and former executive officer named below in the Summary Compensation Table, and all of our executive officers and directors as a group. This table does not include the restricted stock units held by our executive officers. See Executive Compensation Outstanding Equity Awards at Fiscal Year End.

Name of Beneficial Owners	Amount and Nature of Beneficial Ownership(1)	Percent of Class
Kirbyjon H. Caldwell	27,788(2)	*
James E. Compton	3,379	*
Lawrence W. Kellner	22,725(3)	*

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Douglas H. McCorkindale	68,500(4)	*
Henry L. Meyer III	32,500(5)	*
Jeffrey J. Misner(6)	9,200	*
Mark J. Moran	3,150	*
Oscar Munoz	24,500(7)	*
George G. C. Parker	38,900(8)	*
Zane C. Rowe	2,000	*
Jeffery A. Smisek	14,641	*
Karen Hastie Williams	43,500(9)	*
Ronald B. Woodard	13,500(10)	*
Charles A. Yamarone	49,250(11)	*
All executive officers and directors as a group (15 persons)	359,065(12)	*

* Less than 1%

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- (1) The persons listed have the sole power to vote and dispose of the shares beneficially owned by them, except as otherwise indicated. Each member of our board is required to beneficially hold at least 1,000 shares of our common stock, including shares the director can acquire within 60 days through the exercise of stock options. All of our directors are in compliance with this requirement as of April 17, 2009 through their direct ownership of shares, as indicated in the table above and the footnotes below. For a discussion of the minimum ownership guidelines for our named executive officers, please see [Corporate Governance](#) [Corporate Governance Guidelines](#) [Minimum Stock Ownership](#) below.
- (2) Represents 1,000 shares directly held by Mr. Caldwell and 26,788 shares subject to stock options that are exercisable as of April 17, 2009 ([Exercisable Options](#)).
- (3) Represents 22,525 shares directly held by Mr. Kellner and 200 shares owned by a relative of Mr. Kellner, as to which shares Mr. Kellner shares dispositive power but disclaims beneficial ownership.
- (4) Represents 21,000 shares directly held by Mr. McCorkindale and 47,500 Exercisable Options.
- (5) Represents 5,000 shares directly held by Mr. Meyer and 27,500 Exercisable Options.
- (6) Mr. Misner retired as our executive vice president and chief financial officer on August 31, 2008.
- (7) Represents 2,000 shares directly held by Mr. Munoz and 22,500 Exercisable Options.
- (8) Represents 1,400 shares directly held by Mr. Parker and 37,500 Exercisable Options.
- (9) Represents 1,000 shares directly held by Ms. Williams and 42,500 Exercisable Options.
- (10) Represents 1,000 shares directly held by Mr. Woodard and 12,500 Exercisable Options.
- (11) Represents 1,750 shares directly held by Mr. Yamarone and 47,500 Exercisable Options.
- (12) Includes 264,288 Exercisable Options.

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CORPORATE GOVERNANCE

We are committed to high standards of corporate governance and to conducting our business ethically and with integrity and professionalism. In furtherance of these commitments, our board has adopted Corporate Governance Guidelines developed and recommended by the Corporate Governance Committee of our board, which we refer to as our Guidelines, and monitors our ethics and compliance program through the adoption of Ethics and Compliance Guidelines for our employees and directors. The Guidelines, together with our bylaws, the charters of each of our board committees and the Ethics and Compliance Guidelines, provide the framework for the corporate governance at Continental. A complete copy of each of these documents may be obtained in the Investor Relations section of our internet website under the Corporate Governance link at www.continental.com, and we will furnish printed copies of these documents to interested security holders without charge, upon request. Written requests for such copies should be addressed to: Continental Airlines, Inc., Attention: Secretary, P.O. Box 4607, Houston, Texas 77210-4607.

Corporate Governance Guidelines

Our board adopted our initial Guidelines in February 2003 upon the recommendation of the Corporate Governance Committee. Since that time, our board, which monitors developments in the laws, regulations and best practices relating to corporate governance and compliance, has amended the Guidelines on a number of occasions to reflect such developments. The current Guidelines provide for the governance practices described below.

Independence. Our Guidelines require that a majority of our board be independent under the criteria for independence established by the NYSE. Our board is responsible for affirmatively determining whether each director nominee satisfies all applicable independence criteria for service on the board or any committee of the board. Please see Director Independence below for a discussion of our board's independence determinations.

Limitation on Board Service. None of our directors is permitted to serve on the board of directors of more than two other public companies if the director is employed on a full-time basis, or more than four other public companies if the director is employed on less than a full-time basis. For determining the number of boards of directors on which a director serves, our Guidelines exclude service on the board of directors of a charitable, philanthropic or non-profit organization, as well as service on the board of the director's principal employer. Further, a director's service on the board of directors of two or more affiliated companies that hold joint or concurrent board meetings will be considered service on only one other board.

Minimum Stock Ownership. Subject to a one-year transition period for newly-elected directors, each of our directors is required to beneficially own at least 1,000 shares of our common stock, our chief executive officer, or CEO, and our president are each required to beneficially own at least 5,000 shares, and our executive vice presidents are each required to beneficially own at least 2,000 shares. A director's or executive officer's holdings of restricted stock or stock options exercisable within 60 days are included when determining whether the individual beneficially owns a sufficient number of shares.

Presiding Director. Pursuant to our Guidelines, the chair of the Executive Committee of our board, who will at all times be a non-management member of our board, also serves as the presiding director for executive sessions of our non-management directors. Stockholders or other interested parties may communicate with our non-management directors through correspondence directed to the presiding director. Please see Communications with the Board of Directors below for instructions on how to contact the presiding director.

Director Resignation Policy. Under our director resignation policy, each of our incumbent directors must submit a conditional, irrevocable resignation letter in the form approved by our board before our board will nominate the director for re-election. The current form of resignation letter approved by our board provides that the resignation will only be effective if: