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): **July 19, 2007**

CONTINENTAL AIRLINES, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-10323	**74-2099724**
(Commission File Number)	(IRS Employer Identification No.)

1600 Smith Street, Dept. HQSEO, Houston, Texas	**77002**
(Address of Principal Executive Offices)	(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):

	Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
	Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
	Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
(17 CFR 240.14d-2(b))	
	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 July 19, 2007, Continental Airlines, Inc. (the "Company") issued a press release announcing its financial results for the second 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 July 19, 2007, we will provide an update for investors presenting information relating to our operational results for the second quarter of 2007, our outlook for the third 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	Second Quarter Earnings Press Release dated July 19, 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.

July 19, 2007

By /s/ Lori A. Gobillot

Lori A. Gobillot

Staff Vice President and Assistant General Counsel

EXHIBIT INDEX

99.1	Second Quarter Earnings Press Release dated July 19, 2007
99.2	Investor Update

EXHIBIT 99.1

Continental Airlines

News Release

Contact: Corporate Communications

Houston: 713.324.5080

Email: corpcomm@coair.com

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

CONTINENTAL AIRLINES ANNOUNCES SECOND QUARTER PROFIT

Continued revenue growth leads to highest second quarter pre-tax profit since 2000

HOUSTON, July 19, 2007 - Continental Airlines (NYSE: CAL) today reported second quarter 2007 net income of $228 million ($2.03 diluted earnings per share). Excluding a special charge of $7 million for pilot pension plan settlement charges, Continental recorded net income of $235 million ($2.10 diluted earnings per share), an improvement of 13 percent compared to the same period last year.

Strong international revenue growth, particularly in the trans-Atlantic market, contributed to the best second quarter pre-tax profit ($232 million) that the company has posted since 2000. Continental's second quarter operating income of $263 million increased 7.8 percent compared to the same period last year.

"My co-workers delivered superb operational performance which allowed us to book the highest second quarter pre-tax profit since 2000," said Larry Kellner, Continental's chairman and chief executive officer. "When we work together as a team, we win together."

Through June 30, 2007, the company has accrued $92 million for its current year profit sharing pool, a $32 million increase over the same six-month period last year. The actual amount of profit sharing that the company will be able to distribute to employees in February 2008 depends on the company's full year financial results. Employees have also benefited from stock options issued in connection with pay and benefit cost reductions. At yesterday's closing stock price of $36.83 per share, the realized and unrealized gains from these options was approximately $205 million.

Second Quarter Revenue and Capacity

Passenger revenue of $3.4 billion increased 5.2 percent ($169 million) compared to the second quarter 2006, led by strong international revenue growth.

Consolidated revenue passenger miles (RPMs) for the quarter increased 5.4 percent year-over-year on a capacity increase of 4.7 percent, resulting in a record second quarter consolidated load factor of 83.2 percent, 0.5 points above the previous second quarter record set in 2006. Consolidated passenger revenue per available seat mile (RASM) for the quarter increased 0.5 percent year-over-year as a result of record load factors and increased yield from international flying, partially offset by domestic yield pressure and less regional flying.

Mainline RPMs in the second quarter of 2007 increased 6.9 percent over the second quarter 2006, on a capacity increase of 6.1 percent. Mainline load factor was a record 83.5 percent, up 0.6 points year-over-year. Continental's mainline yield increased 1.5 percent over the same period in 2006. As a result, second quarter 2007 mainline RASM was up 2.2 percent over the second quarter of 2006.

Passenger revenue for the second 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:

	Passenger Revenue (in millions)	Percentage Increase (Decrease) in Second Quarter 2007 vs. Second Quarter 2006		
		Passenger Revenue	RASM	ASMs

Domestic	$1,517	3.5 %	(2.5)%	6.1 %
Trans-Atlantic	689	20.9 %	8.1 %	11.8 %
Latin America	377	9.1 %	8.7 %	0.3 %
Pacific	236	8.8 %	7.8 %	1.0 %
Total Mainline	$2,819	8.5 %	2.2 %	6.1 %
Regional	$ 577	(8.4)%	(2.7)%	(5.8)%
Consolidated	$3,396	5.2 %	0.5 %	4.7 %

Operational Accomplishments

Despite severe thunderstorms that impacted operations at its hub cities of Newark, Houston and Cleveland, Continental posted a second quarter systemwide mainline completion factor of 99.4 percent, operating 20 days without a single mainline cancellation.

"Thanks to the hard work of my co-workers, we have again been able to grow our revenue faster than we grew our capacity," said Jeff Smisek, Continental's president. "Customers know that they can depend on Continental, and they prefer flying us."

Continental's employees earned $10 million in cash incentives for the quarter by finishing first in on-time performance among the major network carriers in June, and for finishing in the top three of the major network carriers for monthly on-time performance in April and May.

The company's U.S. Department of Transportation (DOT) on-time arrival rate was 72.2 percent, despite the weather, air traffic control ground delay programs and heavy flight loads.

Continental announced a strategic relationship with China Southern Airlines, the largest airline in China, for frequent flyer and airport lounge access reciprocity beginning in September and extensive codesharing beginning in November.

During the quarter, Continental, in conjunction with Sustainable Travel International, announced plans to offer customers the option to participate in a carbon offsetting program. The voluntary program will allow travelers to calculate the carbon footprint of their booked itinerary and purchase carbon offsets online from non-profit Sustainable Travel International. Proceeds from purchased offsets will be invested by Sustainable Travel International into high-impact sustainable environmental projects, including renewable energy, energy conservation and reforestation.

Continental and US Helicopter Corporation implemented a codeshare agreement to improve service for those connecting between Continental's flights at New York Liberty and US Helicopter's eight-minute shuttle service at heliports located in midtown and downtown Manhattan.

Second Quarter Financial Results

Continental's mainline cost per available seat mile (CASM) increased 0.9 percent (1.4 percent holding fuel rate constant) in the second quarter compared to the same period last year. CASM increased 1.5 percent holding fuel rate constant and excluding special charges.

"We're facing some tough competition so we have to be tireless on the cost side of the ledger," said Jeff Misner, Continental's executive vice president and chief financial officer. "But we'll continue to invest in our people, product and service to maintain the integrity and quality of our operation."

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 6.9 percent for the second quarter, fuel consumption increased only 5.3 percent.

Continental hedged approximately 40 percent of its expected fuel requirements for the second quarter of 2007. As of July 17, 2007, the company had hedged approximately 34 percent of its projected fuel requirements for the third quarter of 2007, and 13 percent for the fourth quarter of 2007.

Work continued in the second quarter on the company's project to install winglets on 37 of the company's 737-500s and 11 long-range 737-300s. 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 ended the second quarter with $3.18 billion in unrestricted cash and short-term investments.

Other Accomplishments

Continental contributed $30 million to its pension plans during the quarter. The company contributed an additional $75 million to its plans in July, bringing its year-to-date pension contributions to $211 million, which significantly exceeds minimum funding requirements for those periods. Continental currently expects to contribute more than $325 million to its plans in 2007, significantly exceeding its minimum funding requirements of $187 million for the calendar year.

During the quarter, Continental took delivery of its 20th and final Boeing 777 aircraft, the last Boeing aircraft delivery scheduled in 2007. The company also announced adjustments to its flexible fleet plan as part of its continuing efforts to emphasize fuel efficiency, environmental benefits and fleet optimization. Continental ordered four additional 737NG aircraft from The Boeing Company for delivery in 2010 and moved six 737NG aircraft scheduled for delivery in 2009 to 2010. The company now has a total of 64 Boeing 737s and 25 Boeing 787s on firm order, with options for another 92 Boeing aircraft.

In July, Continental signed an agreement for the sale of 10 Boeing 737-500 aircraft to Russian-based TRANSAERO Airlines. The aircraft are scheduled to be removed from the fleet from October 2007 through November 2008. Continental is in discussions with another foreign entity regarding the sale of an additional five Boeing 737-500 aircraft for delivery during the same time period. In addition, Continental moved forward to 2008, three 737-900ER aircraft originally scheduled for delivery in 2009.

As a result of these sales and movements, Continental expects its mainline capacity to increase between 3 and 4 percent in 2008, down from its earlier target of between 5 and 7 percent.

In April, Continental completed interline eTicket capability with all of its alliance partners, including all current and planned members of SkyTeam and planned SkyTeam associates, and all other codeshare and frequent flyer partners. Continental expects to eliminate paper tickets entirely by the end of 2007. Continental is the global industry leader in interline eTicket implementation, currently having interline eTicket capabilities with 80 carriers.

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 144 domestic and 138 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.

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>About Continental>Investor Relations.

-tables attached-

CONTINENTAL AIRLINES, INC. AND SUBSIDIARIES

FINANCIAL SUMMARY

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

	Three Months Ended June 30,		% Increase/	Six Months Ended June 30,		% Increase/
	2007	2006	(Decrease)	2007	2006	(Decrease)
Operating Revenue:						
Passenger (excluding fees and taxes of $391, $364, $737 and $679)	$3,396	$3,227	5.2 %	$6,291	$5,911	6.4 %
Cargo	109	112	(2.7)%	216	218	(0.9)%
Other, net	205	168	22.0 %	382	324	17.9 %

	3,710	3,507	5.8 %	6,889	6,453	6.8 %
Operating Expenses:						
Wages, salaries and related costs	842	744	13.2 %	1,568	1,416	10.7 %
Aircraft fuel and related taxes	821	791	3.8 %	1,505	1,452	3.7 %
Regional capacity purchase, net	444	454	(2.2)%	873	869	0.5 %
Aircraft rentals	248	248	-	496	493	0.6 %
Landing fees and other rentals	190	198	(4.0)%	384	383	0.3 %
Distribution costs	176	178	(1.1)%	337	338	(0.3)%
Maintenance, materials and repairs	169	140	20.7 %	313	267	17.2 %
Depreciation and amortization	101	97	4.1 %	200	193	3.6 %
Passenger services	99	90	10.0 %	189	171	10.5 %
Special charges (A)	7	10	NM	18	3	NM
Other	350	313	11.8 %	679	613	10.8 %
	3,447	3,263	5.6 %	6,562	6,198	5.9 %
Operating Income	263	244	7.8 %	327	255	28.2 %
Nonoperating Income (Expense):						
Interest expense	(97)	(100)	(3.0)%	(193)	(201)	(4.0)%
Interest capitalized	6	5	20.0 %	11	9	22.2 %
Interest income	41	31	32.3 %	77	55	40.0 %
Income from other companies	5	17	(70.6)%	10	34	(70.6)%
Gain on disposition of ExpressJet Holdings shares	- -	- -	- -	7	-	NM
Other, net	14	1	NM	15	6	NM
	(31)	(46)	(32.6)%	(73)	(97)	(24.7)%
Income before Income Taxes and Cumulative Effect of Change in Accounting Principle	232	198	17.2 %	254	158	60.8 %
Income Taxes	(4)	-	NM	(4)	-	NM
Cumulative Effect of Change in Accounting Principle (B)	-	-	NM	-	(26)	NM
Net Income	$ 228	$ 198	15.2 %	$ 250	$ 132	89.4 %
Earnings per Share:						
Basic	$ 2.35	$ 2.24	4.9 %	$ 2.60	$ 1.52	71.1 %
Diluted	$ 2.03	$ 1.84	10.3 %	$ 2.26	$ 1.31	72.5 %

Shares used for Computation:						
Basic	97	89	9.0 %	96	88	9.1 %
Diluted	115	111	3.6 %	115	110	4.5 %

A. During the second quarter of 2007 and 2006, the company recorded special charges of $7 million and $14 million, respectively, related to settlement charges for lump-sum distributions from the pilot pension plan. The remaining balance of the second quarter 2006 special charge is attributable to a reduction of reserves related primarily to negotiated settlements on leased MD-80 grounded aircraft. During the six months ended June 30, 2007, the company recorded settlement charges of $18 million related to lump-sum distributions from the pilot pension plan and aircraft related charges. During the six months ended June 30, 2006, the company recorded a special charge of $29 million related to settlement charges for lump-sum distributions from the pilot pension plan offset by a $14 million credit associated with the officers' surrender of March 2006 restricted stock units and a $12 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 June 30,		% Increase/ (Decrease)	Six Months Ended June 30,		% Increase/ (Decrease)
	2007	2006		2007	2006	
Mainline Operations:						
Passengers (thousands)	13,417	12,746	5.3 %	25,362	24,232	4.7 %
Revenue passenger miles (millions)	22,065	20,633	6.9 %	41,155	38,651	6.5 %
Available seat miles (millions)	26,415	24,885	6.1 %	50,538	47,919	5.5 %
Cargo ton miles (millions)	253	263	(3.8)%	507	525	(3.4)%
Passenger load factor:						
Mainline	83.5%	82.9%	0.6 pts.	81.4%	80.7%	0.7 pts.
Domestic	85.9%	85.5%	0.4 pts.	83.6%	83.3%	0.3 pts.
International	81.0%	80.1%	0.9 pts.	79.1%	77.7%	1.4 pts.
Passenger revenue per available seat mile (cents)	10.67	10.44	2.2 %	10.32	9.96	3.6 %
Total revenue per available seat mile (cents)	11.85	11.61	2.1 %	11.51	11.14	3.3 %
Average yield per revenue passenger mile (cents)	12.78	12.59	1.5 %	12.67	12.34	2.7 %
Cost per available seat mile (CASM) (cents) (A)	10.82	10.72	0.9 %	10.69	10.54	1.4 %
Special charges per available seat mile (cents)	0.03	0.04	NM	0.04	0.01	NM
CASM, holding fuel rate constant (cents) (A)	10.87	10.72	1.4 %	10.72	10.54	1.7 %
Average price per gallon of fuel, including fuel taxes (cents)	207.89	210.95	(1.5)%	199.10	201.09	(1.0)%
Fuel gallons consumed (millions)	395	375	5.3 %	756	722	4.7 %

Actual aircraft in fleet at end of period	368	360	2.2 %	368	360	2.2 %
Average length of aircraft flight (miles)	1,448	1,435	0.9 %	1,433	1,418	1.1 %
Average daily utilization of each aircraft (hours)	11:55	11:23	4.6 %	11:32	11:03	4.3 %
Regional Operations (B):						
Passengers (thousands)	4,703	4,850	(3.0)%	8,934	8,958	(0.3)%
Revenue passenger miles (millions)	2,558	2,734	(6.4)%	4,918	5,052	(2.7)%
Available seat miles (millions)	3,177	3,374	(5.8)%	6,303	6,456	(2.4)%
Passenger load factor	80.5%	81.0%	(0.5) pts.	78.0%	78.3%	(0.3) pts.
Passenger revenue per available seat mile (cents)	18.15	18.66	(2.7)%	17.08	17.65	(3.2)%
Average yield per revenue passenger mile (cents)	22.54	23.03	(2.1)%	21.89	22.56	(3.0)%
Actual aircraft in fleet at end of period (C)	257	274	(6.2)%	257	274	(6.2)%
Consolidated Operations (Mainline and Regional):						
Passengers (thousands)	18,120	17,596	3.0 %	34,296	33,190	3.3 %
Revenue passenger miles (millions)	24,623	23,367	5.4 %	46,073	43,703	5.4 %
Available seat miles (millions)	29,592	28,259	4.7 %	56,841	54,375	4.5 %
Passenger load factor	83.2%	82.7%	0.5 pts.	81.1%	80.4%	0.7 pts.
Passenger revenue per available seat mile (cents)	11.48	11.42	0.5 %	11.07	10.87	1.8 %
Average yield per revenue passenger mile (cents)	13.79	13.81	(0.1)%	13.65	13.52	1.0 %

A. Includes impact of special charges.

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

C. Includes aircraft operated by all carriers under capacity purchase agreement 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 June 30,	
	2007	2006
Earnings per Share		
Diluted earnings (loss) per share	$2.03	$1.84
Adjustments:		
Special charges	0.07	0.09

Diluted earnings (loss) per share, excluding special items (A)	$2.10	$1.93

	Three Months Ended June 30,		% Increase/
	2007	2006	(Decrease)
Net Income (in millions)			
Net income	$228	$198	15.2%
Adjustments:			
Special charges	7	10	NM
Net income, excluding special items (A)	$235	$208	13.0%

	Three Months Ended June 30,		% Increase/
	2007	2006	(Decrease)
CASM (cents)			
Cost per available seat mile (CASM)	$10.82	$10.72	0.9 %
Less: Current year fuel cost per available seat mile (B)	(3.11)	-	NM
Add: Current year fuel cost at prior year fuel price per available seat mile (B)	3.16	-	NM
CASM, holding fuel rate constant (A)	10.87	10.72	1.4 %
Less: Special charges	(0.03)	(0.04)	NM
CASM holding fuel rate constant and excluding special charges (A)	$10.84	$10.68	1.5 %

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.

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Continental Airlines

Exhibit 99.2
DeAnne Gabel
Director - Investor Relations

Investor Update | **Issue Date: July 19, 2007**

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

Domestic Performance on a hub by hub basis

Continental's second quarter 2007 consolidated domestic capacity at its New York Liberty hub increased 4.2% year-over-year ("yoy") while traffic increased 5.8% resulting in a load factor gain of 1.3 pts. Transcon capacity, which is a subset of New York Liberty capacity, was up 7.5% yoy in the second quarter while traffic was up 7.4%, resulting in a load factor decline of 0.1 pts.

Continental's second quarter 2007 consolidated domestic capacity at its Houston hub was up 1.0%, with traffic up 0.8%, resulting in a load factor decline of 0.2 pts, while consolidated domestic capacity at its Cleveland hub was up 11.2% yoy with traffic up 9.4%, resulting in a load factor decline of 1.4 pts.

Fleet Update

During the second quarter, Continental ordered four additional 737 next generation aircraft from Boeing for delivery in 2010, and moved six 737 next generation aircraft originally scheduled for delivery in 2009 to 2010.

Earlier this month, Continental signed an agreement for the sale of ten 737-500 aircraft to TRANSAERO, a Russian airline, and is in discussions with another foreign entity regarding the sale of an additional five 737-500 aircraft. Additionally, the Company accelerated the delivery of three Boeing 737 -900ER aircraft from 2009 to 2008.

Advanced Booked Seat Factor Six Weeks Outlook

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

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 between $2.8 and $2.9 billion.

Cargo, Mail, and Other Revenue

Continental estimates Cargo, Mail, and Other Revenue will be between $305 and $315 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 Year-over-Year % Change	
	3rd Qtr.(E)	Full Year (E)
Mainline		
Domestic	4.5%	4.5%
Latin America	0.1%	1.1%
Transatlantic	11.0%	11.5%
Pacific	0.3%	0.6%
Total Mainline	5.1%	5.3%
Regional	(8.4)%	(4.6)%
Consolidated		
Domestic	2.1%	2.8%
International	5.3%	5.8%
Total Consolidated	3.5%	4.1%

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

Load Factor	2007 Estimate	
	3rd Qtr.(E)	Full Year (E)
Domestic	85 - 86%	84 - 85%
Latin America	82 - 83%	80 - 81%
Transatlantic	84 - 85%	80 - 81%
Pacific	80 - 81%	78 - 79%
Total Mainline	84 - 85%	82 - 83%
Regional	80 - 81%	78 - 79%
Consolidated	84 - 85%	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 respectfully, 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)	
	3rd Qtr.(E)	Full Year(E)
CASM	10.87 - 10.92	10.80 - 10.85
Special Items per ASM (a)	- -	(0.02)
CASM Less Special Items (b)	10.87 - 10.92	10.78 - 10.83
Aircraft Fuel & Related Taxes per ASM	(3.37)	(3.18)
CASM Less Special Items and Aircraft Fuel & Related Taxes (c)	7.50 - 7.55	7.60 - 7.65

Consolidated Operating Statistics	2007 Estimate (cents)	
	3rd Qtr.(E)	Full Year (E)
CASM	11.71 - 11.76	11.66 - 11.71
Special Items per ASM (a)	- -	(0.02)
CASM Less Special Items (b)	11.71 - 11.76	11.64 - 11.69
Aircraft Fuel & Related Taxes per ASM	(3.61)	(3.40)
CASM Less Special Items and Aircraft Fuel & Related Taxes (c)	8.10 - 8.15	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 plan 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 plan). Profit sharing expense is accrued each quarter based on the actual cumulative profits earned year to date. For more information regarding this plan, please see the Company's 2006 Form 10-K.

Stock Based Compensation

Continental expects to record stock option expense of $4 million for the third quarter 2007 and $18 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 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 $38.41 on July 6, 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 J uly 6, 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.

ExpressJet Arbitration

Continental has entered into binding arbitration with ExpressJet under the terms of the Capacity Purchase Agreement because the companies were not able to come to an agreement on the 2007 block hour rates. The arbitration hearing was completed on July 7, 2007, and Continental expects that the arbitration panel will render its decision in the next few weeks. Until the decision is rendered, the Company will recognize current year expense based on 2006 rates. Continental does not believe that the outcome of the arbitration will have a material adverse effect on its results of operations, financial condition or liquidity.

Fuel Hedge Ineffectiveness

During the second quarter 2007, Continental recognized $27 million of fuel hedge benefits of which $10 million was non-operating gains related to the ineffectiveness of its fuel hedges outstanding at June 30, 2007. The ineffectiveness arose because the Company's heating oil collars for future periods experienced a relatively higher increase in value than the expected cost of jet fuel being hedged.

Fuel Gallons Consumed	2007 Estimate	
	3rd Qtr.(E)	Full Year (E)
Mainline	405 Million	1,538 Million
Regional	79 Million	312 Million
Fuel Price per Gallon (including fuel taxes and impact of hedges)	$2.26	$2.13

Fuel Hedges
As of July 17th, Continental had hedged approximately 34% 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 $1.85 per gallon.

For the fourth quarter, Continental had hedged approximately 13% of its projected requirements using zero cost collars in heating oil with an average call price of $2.19 per gallon and an average put price of $2.02 per gallon.

Selected Expense Amounts	2007 Estimated Amounts ($Millions)	
	3rd Qtr.(E)	Full Year (E)
Aircraft Rent	$249	$993
Depreciation & Amortization	$105	$410
Net Interest Expense	$45	$195

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 about 1.5% for the third quarter and full year 2007.

Cash Capital Expenditures	2007 Estimate ($Millions)
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	Number of Shares		
Earnings Level	Basic	Diluted	Interest Addback (net of profit sharing and income taxes impact)
Over $73	98	116	$4
Between $19 - $73	98	111	$2
Under $19	98	103	- --
Net Loss	98	98	- --

Full Year 2007 (Millions)

Year-to-date	Number of Shares		
Earnings Level	Basic	Diluted	Interest Addback (net of profit sharing and income taxes impact)
Over $287	98	115	$18
Between $76 - $287	98	111	$7
Under $76	98	102	- --
Net Loss	98	98	- --

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 in surance, 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.

[tables attached]

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

Mainline	3rd Qtr. Range(E)		Full Year Range(E)	
Operating Expenses - GAAP	$ 2,944	$ 2,958	$ 11,108	$ 11,160
Special Items (a)	-	-	(18)	(18)
Operating Expenses Excluding Special Items - Non-GAAP (b)	$ 2,944	$ 2,958	$ 11,090	$ 11,142
Aircraft Fuel & Related Taxes	(913)	(913)	(3,276)	(3,276)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	$ 2,031	$ 2,045	$ 7,814	$ 7,866
ASMs (millions)	27,073	27,073	102,818	102,818
Mainline CASM (cents)				
CASM-GAAP	10.87	10.92	10.80	10.85
Special Items (a)	-	-	(0.02)	(0.02)
CASM Excluding Special Items - Non-GAAP (b)	10.87	10.92	10.78	10.83
Aircraft Fuel & Related Taxes per ASM	(3.37)	(3.37)	(3.18)	(3.18)
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (c)	7.50	7.55	7.60	7.65

Consolidated (Mainline plus Regional)	3rd Qtr. Range(E)		Full Year Range(E)	
Operating Expenses - GAAP	$ 3,545	$ 3,560	$ 13,465	$ 13,523
Special Items (a)	-	-	(18)	(18)
Operating Expenses Excluding Special Items - Non-GAAP (b)	$ 3,545	$ 3,560	$ 13,447	$ 13,505
Aircraft Fuel & Related Taxes	(1,092)	(1,092)	(3,941)	(3,941)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	$ 2,453	$ 2,468	$ 9,506	$ 9,564
ASMs (millions)	30,282	30,282	115,464	115,464
Consolidated CASM (cents)				
CASM-GAAP	11.71	11.76	11.66	11.71
Special Items (a)	-	-	(0.02)	(0.02)
CASM Excluding Special Items - Non-GAAP (b)	11.71	11.76	11.64	11.69
Aircraft Fuel & Related Taxes per ASM	(3.61)	(3.61)	(3.40)	(3.40)
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (c)	8.10	8.15	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.

Fleet News

Continental Airlines Fleet Plan

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

July 19, 2007

Firm Commitments Less Planned Retirements				
	Total	Net Inductions and Exits		Total
	YE 2006	2007E	2008E	YE 2008E
<u>Mainline</u>				
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
Total	**366**	**(1)**	**14**	**379**
<u>Regional</u>				
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)	- -
Total	**282**	**(19)**	**17**	**280**
Total Count	**648**	**(20)**	**31**	**659**