

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): **December 12, 2006**

CONTINENTAL AIRLINES, INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE

(State or Other Jurisdiction of Incorporation)

1-10323

(Commission File Number)

74-2099724

(IRS Employer Identification No.)

1600 Smith Street, Dept. HQSEO, Houston, Texas

(Address of Principal Executive Offices)

77002

(Zip Code)

(713) 324-2950

(Registrant's Telephone Number, Including Area Code)

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

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

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

On December 12, 2006, we will provide an update for investors presenting information relating to our financial and operational outlook for the fourth quarter 2006 and other information. The letter is furnished herewith as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 Investor Update

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, Continental Airlines, Inc. has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CONTINENTAL AIRLINES, INC.

December 11, 2006

By /s/ Lori A. Gobillot

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Lori A. Gobillot

Staff Vice President &

Assistant General Counsel

EXHIBIT INDEX

99.1 Investor Update

Investor Update

Issue Date: December 12, 2006

Fourth Quarter Outlook

Continental's November 2006 consolidated passenger Revenue per Available Seat Mile (RASM) increased 3.3% compared to November 2005, while mainline passenger RASM increased 4.6% for the same period.

The Company estimates its December consolidated RASM will increase 1 - 3% compared to December 2005, while mainline passenger RASM is estimated to increase 2.5 - 4.5% for the same period.

Advanced Booked Seat Factor Six Weeks Outlook

Mainline advanced booked seat factors, the percentage of available seats that are sold, for all regions for the next six weeks are about flat as compared to last year.

Pension Expense and Contributions

The Company has contributed \$246 million to its pension plans to date in 2006.

Continental estimates its non-cash pension expense will be approximately \$159 million for calendar year 2006, which excludes year-to-date settlement charges of \$37 million related to lump-sum distributions from the pilot's frozen defined benefit plan. Additional settlement charges are expected for the remainder of 2006 but currently cannot be estimated.

Continental plans to contribute approximately \$300 million to its pension plans in 2007, which exceeds the estimated minimum contributions of \$180 million required to be made during 2007, after giving effect to the Pension Protection Act of 2006.

Stock Option Expense

Continental expects to record stock option expense of \$6 million for the fourth quarter and \$26 million for the full year 2006.

Cargo, Mail and Other Revenue

Continental estimates cargo, mail and other revenue will be between \$280 and \$290 million for the fourth quarter 2006.

During 2007, the sublease income we receive from ExpressJet for the aircraft covered by the capacity purchase agreement between the Company and ExpressJet will continue to be booked 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 booked as Other Revenue. The Company estimates the sublease income from the withdrawn aircraft will be approximately \$7 million, \$21 million, \$26 million and \$26 million in the first, second, third and fourth quarters of 2007, respectively, and will be included as part of the Company's Cargo, Mail and Other Revenue guidance.

Debt and Capital Leases

Scheduled debt and capital lease principal payments for the fourth quarter 2006 are estimated to be approximately \$292 million.

Fuel Hedges

As of December 11, Continental had hedged approximately 36% of its projected fuel requirements for the fourth quarter, using petroleum swap contracts, with a weighted average price of \$72.36 per barrel, and another 3% with zero cost collars on jet fuel. The Company had also hedged about 18% of its projected fuel requirements for the first quarter 2007, using petroleum swap contracts with a weighted average price of \$67.46, and another 8% with zero cost collars on heating oil.

Tax Sharing Agreement with ExpressJet Holdings, Inc.

Continental expects to record income of approximately \$26 million for the full year 2006 (approximately \$6.5 million per quarter) related to the tax sharing agreement with ExpressJet. For more information regarding this agreement, please see the Company's 2005 Form 10-K.

Targeted Cash Balance

Continental anticipates ending the year 2006 with an unrestricted cash and short-term investments balance of between \$2.4 and \$2.5 billion.

ASMS (Available Seat Miles)	4th Qtr.(E)
Domestic	3.7%
Latin America	11.3%
Transatlantic	10.7%
Pacific	0.9%
Total Mainline	5.8%
Regional	7.0%
Consolidated	6.0%

	2006 Estimate
Load Factor	4th Qtr.(E)
Domestic	83 - 84%
Latin America	76 - 77%
Transatlantic	76 - 77%
Pacific	75 - 76%
Total Mainline	80 - 81%
Regional	76 - 77%
Consolidated	79 - 80%

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

	2006 Estimate (cents)
Mainline Operating Statistics	4th Qtr.(E)
CASM	10.57 - 10.62
Special items per ASM (a)	- -
CASM Less Special Items (a)	10.57 - 10.62
Aircraft Fuel & Related Taxes per ASM	3.03
CASM Less Special Items and Aircraft Fuel & Related Taxes (b)	7.54 - 7.59

	2006 Estimate (cents)
Consolidated Operating Statistics	4th Qtr.(E)
CASM	11.44 - 11.49
Special items per ASM (a)	- -
CASM Less Special Items (a)	11.44 - 11.49
Aircraft Fuel & Related Taxes per ASM	3.26
CASM Less Special Items and Aircraft Fuel & Related Taxes (b)	8.18 - 8.23

Profit Sharing

As of September 30, 2006, Continental had recognized \$106 million of profit sharing expense and related payroll taxes. Based on current conditions, the Company's most recently prepared internal forecast for the full year 2006 contains an accrual for profit sharing. There can be no assurance that the Company's forecast will approximate actual results. Additionally, reductions in cumulative profits from a previous quarter could result in the reversal of a portion or all of the previously recorded profit sharing expense. Generally, the profit sharing plan provides for a profit sharing pool for eligible employees of 30% of the first \$250 million of pre-tax income (with certain adjustments as defined in the profit sharing plan), 25% of the next \$250 million and 20% thereafter. Profit sharing expense is recorded each quarter based on the actual cumulative profits earned to date. For more information regarding this plan, please see the Company's 2005 Form 10-K.

	2006 Estimate
Fuel Gallons Consumed	4th Qtr.(E)
Mainline	361 Million
Regional	81 Million

Fuel Price per Gallon (including fuel taxes) \$2.01

	<u>2006 Estimated Amounts</u> (\$Millions)
<u>Selected Expense Amounts</u>	<u>4th Qtr.(E)</u>
Aircraft Rent	\$249
Landing Fees & Other Rentals	\$195
Depreciation & Amortization	\$98
Net Interest Expense	\$58

Continental Airlines, Inc. Tax Computation

Due to accumulated losses, Continental has stopped recording income tax benefit on current and future book losses and does not expect to record a tax expense or pay cash taxes this year. Additionally, the Company does not expect to record material tax expense or pay any material cash taxes in 2007.

<u>Cash Capital Expenditures</u>	<u>2006 Estimate</u> (\$Millions)	<u>2007 Estimate</u> (\$Millions)
Fleet Related	175	155
Non-Fleet	100	215
Rotable Parts & Capitalized Interest	<u>60</u>	<u>50</u>
Total	\$335	\$420
Net Purchase Deposits	<u>80</u>	<u>195</u>
Total Cash Capital Expenditures	\$415	\$615

EPS Estimated Share Count

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

Fourth Quarter 2006 (Millions)

<u>Quarterly</u> <u>Earnings Level</u>	<u>Number of Shares</u>		<u>Interest Addback (net</u> <u>of profit sharing impact).</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$65	91.3	114.2	\$5.8
Between \$35 - \$65	91.3	110.1	\$3.2
Between \$17 - \$34	91.3	105.1	\$1.5
Under \$17	91.3	96.3	- --
Net Loss	91.3	91.3	- --

Full Year 2006 (Millions)

<u>Year-to-date</u> <u>Earnings Level</u>	<u>Number of Shares</u>		<u>Interest Addback (net</u> <u>of profit sharing impact).</u>
	<u>Basic</u>	<u>Diluted</u>	
Over \$252	89.1	111.4	\$23.0
Between \$133 - \$252	89.1	107.3	\$12.8
Between \$65 - \$132	89.1	102.3	\$6.1
Under \$65	89.1	93.5	- --
Net Loss	89.1	89.1	- --

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 2005 Form 10-K and its other securities filings, including any amendments thereto, which identify important matters such as the consequences of its significant financial losses and high leverage, terrorist attacks, domestic and international economic conditions, the significant cost of aircraft fuel, labor costs, competition,

and industry conditions, including the demand for air travel, the airline pricing environment and industry capacity decisions, regulatory matters, disruptions in our computer systems 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.

[tables attached]

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

Mainline	<u>4th Qtr. Range(E)</u>	
Operating Expenses - GAAP	\$ 2,531	\$ 2,543
Special Items	=	=
Operating Expenses Excluding Special Items - Non-GAAP (a)	\$ 2,531	\$ 2,543
Aircraft Fuel & Related Taxes	(726)	(726)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (a)	\$ 1,805	\$ 1,817
ASMs (millions)	23,948	23,948

Mainline CASM (cents)

CASM-GAAP	10.57	10.62
Special Items	-	-
CASM Excluding Special Items - Non-GAAP (a)	10.57	10.62
Aircraft Fuel & Related Taxes per ASM	3.03	3.03
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	7.54	7.59

Consolidated (Mainline plus Regional)

	<u>4th Qtr. Range(E)</u>	
Operating Expenses - GAAP	\$ 3,118	\$ 3,132
Special Items	=	=
Operating Expenses Excluding Special Items - Non-GAAP (a)	\$ 3,118	\$ 3,132
Aircraft Fuel & Related Taxes	(888)	(888)
Operating Expenses Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (a)	\$ 2,230	\$ 2,244
ASMs (millions)	27,258	27,258

Consolidated CASM (cents)

CASM-GAAP	11.44	11.49
Special Items	-	-
CASM Excluding Special Items - Non-GAAP (a)	11.44	11.49
Aircraft Fuel & Related Taxes per ASM	3.26	3.26
CASM Excluding Special Items and Aircraft Fuel & Related Taxes - Non-GAAP (b)	8.18	8.23

(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 our control.