

CONTINENTAL AIRLINES INC /DE/

Form 424B2

November 19, 2010

Table of Contents**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities offered</b>	<b>Maximum aggregate offering price</b>	<b>Amount of registration fee</b>
Pass Through Certificates, Series 2010-1	\$427,151,000	\$30,455.87(1)

(1) The filing fee of \$30,455.87 is calculated in accordance with Rule 457(r) of the Securities Act of 1933.

**Filed pursuant to Rule 424(b)(2)  
Registration No. 333-158781**

*PROSPECTUS SUPPLEMENT TO PROSPECTUS, DATED APRIL 24, 2009*  
\$427,151,000

*2010-1 PASS THROUGH TRUSTS  
PASS THROUGH CERTIFICATES, SERIES 2010-1*

*Two classes of the Continental Airlines Pass Through Certificates, Series 2010-1, are being offered under this prospectus supplement: Class A and B. A separate trust will be established for each class of certificates. The proceeds from the sale of certificates will initially be held in escrow, and interest on the escrowed funds will be payable semiannually on January 12 and July 12, commencing July 12, 2011. The trusts will use the escrowed funds to acquire equipment notes. The equipment notes will be issued by Continental Airlines and will be secured by twelve Boeing aircraft currently owned by Continental and six new Boeing aircraft scheduled for delivery from December 2010 to April 2011. Payments on the equipment notes held in each trust will be passed through to the holders of certificates of such trust.*

*Interest on the equipment notes will be payable semiannually on each January 12 and July 12 after issuance (but not before July 12, 2011). Principal payments on the equipment notes are scheduled on January 12 and July 12 in certain years, beginning on January 12, 2012.*

*The Class A certificates will rank senior to the Class B certificates.*

*Landesbank Hessen-Thüringen Girozentrale will provide a liquidity facility for the Class A and B certificates, in each case in an amount sufficient to make three semiannual interest payments.*

*The certificates will not be listed on any national securities exchange.*

*Investing in the certificates involves risks. See Risk Factors on page S-18.*

<i>Pass Through Certificates</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Final Expected Distribution Date</i>	<i>Price to Public<sup>(1)</sup></i>
Class A	\$ 362,659,000	4.750%	January 12, 2021	100%
Class B	\$ 64,492,000	6.000%	January 12, 2019	100%

(1) Plus accrued interest, if any, from the date of issuance.

The underwriters will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$427,151,000. Continental will pay the underwriters a commission of \$5,339,388. Delivery of the certificates in book-entry form only will be made on or about December 2, 2010.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

<i>MORGAN STANLEY</i>	Joint Bookrunners	
Structuring Agent	<i>CREDIT SUISSE</i>	<i>GOLDMAN, SACHS &amp; CO.</i>
<i>Deutsche Bank Securities</i>	Co-Managers	<i>J.P. Morgan</i>

The date of this prospectus supplement is November 17, 2010.

---

**Table of Contents**

**PRESENTATION OF INFORMATION**

These offering materials consist of two documents: (a) this Prospectus Supplement, which describes the terms of the certificates that we are currently offering, and (b) the accompanying Prospectus, which provides general information about our pass through certificates, some of which may not apply to the certificates that we are currently offering. The information in this Prospectus Supplement replaces any inconsistent information included in the accompanying Prospectus.

We have given certain capitalized terms specific meanings for purposes of this Prospectus Supplement. The Index of Terms attached as Appendix I to this Prospectus Supplement lists the page in this Prospectus Supplement on which we have defined each such term.

At various places in this Prospectus Supplement and the Prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this Prospectus Supplement and the Prospectus can be found is listed in the Table of Contents below. All such cross references in this Prospectus Supplement are to captions contained in this Prospectus Supplement and not in the Prospectus, unless otherwise stated.

S-2

---

**TABLE OF CONTENTS**

**Prospectus Supplement**

	<b>Page</b>
<u>Prospectus Supplement Summary</u>	S-5
<u>Summary of Terms of Certificates</u>	S-5
<u>Equipment Notes and the Aircraft</u>	S-6
<u>Loan to Aircraft Value Ratios</u>	S-7
<u>Cash Flow Structure</u>	S-8
<u>The Offering</u>	S-9
<u>Summary Financial and Operating Data</u>	S-15
<u>Risk Factors</u>	S-18
<u>Risk Factors Relating to the Company</u>	S-18
<u>Risk Factors Relating to the Merger</u>	S-21
<u>Risk Factors Relating to the Airline Industry</u>	S-23
<u>Risk Factors Relating to the Certificates and the Offering</u>	S-27
<u>Use of Proceeds</u>	S-29
<u>The Company</u>	S-29
<u>Description of the Certificates</u>	S-30
<u>General</u>	S-30
<u>Payments and Distributions</u>	S-31
<u>Pool Factors</u>	S-33
<u>Reports to Certificateholders</u>	S-35
<u>Indenture Defaults and Certain Rights Upon an Indenture Default</u>	S-35
<u>Purchase Rights of Certificateholders</u>	S-37
<u>PTC Event of Default</u>	S-37
<u>Merger, Consolidation and Transfer of Assets</u>	S-37
<u>Modifications of the Pass Through Trust Agreements and Certain Other Agreements</u>	S-38
<u>Obligation to Purchase Equipment Notes</u>	S-40
<u>Liquidation of Original Trusts</u>	S-51
<u>Termination of the Trusts</u>	S-51
<u>The Trustees</u>	S-51
<u>Book-Entry; Delivery and Form</u>	S-51
<u>Description of the Deposit Agreements</u>	S-55
<u>General</u>	S-55
<u>Unused Deposits</u>	S-55
<u>Distribution Upon Occurrence of Triggering Event</u>	S-55
<u>Replacement of Depositary</u>	S-55
<u>Depositary</u>	S-56
<u>Description of the Escrow Agreements</u>	S-57
<u>Description of the Liquidity Facilities</u>	S-58
<u>General</u>	S-58
<u>Drawings</u>	S-58
<u>Reimbursement of Drawings</u>	S-61
<u>Liquidity Events of Default</u>	S-63

<u>Liquidity Provider</u>	S-63
<u>Description of the Intercreditor Agreement</u>	S-64
<u>Intercreditor Rights</u>	S-64
<u>Post Default Appraisals</u>	S-66
<u>Priority of Distributions</u>	S-66
<u>Voting of Equipment Notes</u>	S-69
<u>List of Certificateholders</u>	S-69
<u>Reports</u>	S-69
<u>The Subordination Agent</u>	S-70
<u>Description of the Aircraft and the Appraisals</u>	S-71
<u>The Aircraft</u>	S-71
<u>The Appraisals</u>	S-71
<u>Timing of Financing the Aircraft</u>	S-72
<u>Substitute Aircraft</u>	S-73
<u>Description of the Equipment Notes</u>	S-74
<u>General</u>	S-74
<u>Subordination</u>	S-74
<u>Principal and Interest Payments</u>	S-74
<u>Redemption</u>	S-75
<u>Security</u>	S-76
<u>Limitation of Liability</u>	S-77
<u>Indenture Defaults, Notice and Waiver</u>	S-77
<u>Remedies</u>	S-77
<u>Modification of Indentures</u>	S-78
<u>Indemnification</u>	S-79
<u>Certain Provisions of the Indentures</u>	S-79
<u>Possible Issuance of Additional Junior Certificates and Refinancing of Certificates</u>	S-83
<u>Issuance of Additional Junior Certificates</u>	S-83
<u>Refinancing of Certificates</u>	S-83
<u>Certain U.S. Federal Income Tax Consequences</u>	S-84
<u>General</u>	S-84
<u>Tax Status of the Trusts</u>	S-84
<u>Taxation of Certificateholders Generally</u>	S-84
<u>Effect of Reallocation of Payments under the Intercreditor Agreement</u>	S-86
<u>Dissolution of Original Trusts and Formation of New Trusts</u>	S-86
<u>Sale or Other Disposition of the Certificates</u>	S-87
<u>Foreign Certificateholders</u>	S-87
<u>Backup Withholding</u>	S-87
<u>Certain Delaware Taxes</u>	S-88
<u>Certain ERISA Considerations</u>	S-89
<u>Underwriting</u>	S-92
<u>Legal Matters</u>	S-93
<u>Experts</u>	S-93
<u>Incorporation of Certain Documents by Reference</u>	S-94
<u>Index of Terms</u>	Appendix I
<u>Appraisal Letters</u>	Appendix II
<u>Summary of Appraised Values</u>	Appendix III
<u>Loan to Value Ratio Tables</u>	Appendix IV



**Prospectus**

	<b>Page</b>
<u>Forward-Looking Statements</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation of Certain Documents by Reference</u>	1
<u>Ratio of Earnings to Fixed Charges</u>	3
<u>Legal Opinions</u>	3
<u>Experts</u>	3

**You should rely only on the information contained in this document or to which this document refers you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may be accurate only on the date of this document.**

S-4

---



**Table of Contents****PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information from this Prospectus Supplement and the accompanying Prospectus and may not contain all of the information that is important to you. For more complete information about the Certificates and Continental, you should read this entire Prospectus Supplement and the accompanying Prospectus, as well as the materials filed with the Securities and Exchange Commission that are considered to be part of this Prospectus Supplement and the Prospectus. See *Incorporation of Certain Documents by Reference* in this Prospectus Supplement and the Prospectus.*

**Summary of Terms of Certificates**

	<b>Class A Certificates</b>	<b>Class B Certificates</b>
Aggregate Face Amount	\$362,659,000	\$64,492,000
Interest Rate	4.750%	6.000%
Initial Loan to Aircraft Value (cumulative) <sup>(1)</sup>	52.2%	61.5%
Highest Loan to Aircraft Value (cumulative) <sup>(2)</sup>	52.2%	61.5%
Expected Principal Distribution Window (in years)	1.1 - 10.1	1.1 - 8.1
Initial Average Life (in years from Issuance Date)	7.4	4.7
Regular Distribution Dates	January 12 and July 12	January 12 and July 12
Final Expected Distribution Date	January 12, 2021	January 12, 2019
Final Maturity Date	July 12, 2022	July 12, 2020
Minimum Denomination	\$1,000	\$1,000
Section 1110 Protection	Yes	Yes
Liquidity Facility Coverage	3 semiannual interest payments	3 semiannual interest payments

(1) These percentages are determined as of July 12, 2011, the first Regular Distribution Date after all Aircraft are expected to have been financed pursuant to the Offering. In calculating these percentages, we have assumed that the financings of all Aircraft hereunder are completed prior to July 12, 2011 and that the aggregate appraised value of such Aircraft is \$694,199,530 as of such date. The appraised value is only an estimate and reflects certain assumptions. See *Description of the Aircraft and the Appraisals* The Appraisals .

(2) See *Loan to Aircraft Value Ratios* .

**Table of Contents****Equipment Notes and the Aircraft**

The 18 Aircraft to be financed pursuant to this Offering will consist of twelve Boeing aircraft currently owned by Continental and six new Boeing aircraft. The twelve currently owned aircraft consist of three Boeing 737-824 aircraft, four Boeing 737-924 aircraft and five Boeing 767-424ER aircraft. The six new aircraft consist of three Boeing 737-824 aircraft scheduled for delivery in December 2010 and March 2011 and three Boeing 737-924ER aircraft scheduled for delivery in December 2010 and April 2011. Set forth below is certain information about the Equipment Notes expected to be held in the Trusts and the aircraft expected to secure such Equipment Notes:

<b>Aircraft Type(1)</b>	<b>Registration Number</b>	<b>Manufacturer's Serial Number</b>	<b>Delivery Month(2)</b>	<b>Principal Amount of Equipment Notes</b>	<b>Appraised Value(3)</b>	<b>Latest Equipment Note Maturity Date</b>
Boeing 737-824	N27246	28956	November 1999	\$ 15,591,000	\$ 23,572,093	January 12, 2021
Boeing 737-824	N14249	28809	December 1999	16,138,000	24,398,172	January 12, 2021
Boeing 737-824	N33264	31584	August 2001	19,013,000	28,744,656	January 12, 2021
Boeing 737-824	N76529	31652	December 2010	31,749,000	48,000,000	January 12, 2021
Boeing 737-824	N77530	39998	March 2011	31,948,000	48,300,000	January 12, 2021
Boeing 737-824	N87531	39999	March 2011	31,948,000	48,300,000	January 12, 2021
Boeing 737-924	N79402	30119	July 2001	18,097,000	27,360,444	January 12, 2021
Boeing 737-924	N38403	30120	July 2001	17,724,000	26,796,667	January 12, 2021
Boeing 737-924	N72405	30122	August 2001	17,767,000	26,861,706	January 12, 2021
Boeing 737-924	N73406	30123	September 2001	17,522,000	26,490,746	January 12, 2021
Boeing 737-924ER	N38443	31655	December 2010	33,072,000	50,000,000	January 12, 2021
Boeing 737-924ER	N36444	31643	December 2010	33,072,000	50,000,000	January 12, 2021
Boeing 737-924ER	N73445	40000	April 2011	33,204,000	50,200,000	January 12, 2021
Boeing 767-424ER	N66057	29452	January 2002	22,549,000	46,190,000	January 12, 2019
Boeing 767-424ER	N67058	29453	January 2002	21,800,000	44,680,000	January 12, 2019
Boeing 767-424ER	N69059	29454	February 2002	21,904,000	44,890,000	January 12, 2019
Boeing 767-424ER	N78060	29455	February 2002	21,983,000	45,050,000	January 12, 2019
Boeing 767-424ER	N68061	29456	March 2002	22,070,000	45,130,000	January 12, 2019

- (1) The indicated registration number, manufacturer's serial number and delivery month for each new aircraft reflect our current expectations, although these may differ for the actual aircraft financed hereunder. The deadline for purposes of financing an Aircraft pursuant to this Offering is July 31, 2011. The financing of each currently-owned Aircraft pursuant to this Offering is expected to be effected after the existing security interest on such Aircraft has been discharged, and the financing of each new Aircraft is expected to be effected at delivery of such Aircraft by Boeing to Continental. The actual delivery date for any new aircraft may be subject to delay or acceleration. See Description of the Aircraft and the Appraisals Timing of Financing the Aircraft. Continental has certain rights to substitute other new aircraft if the scheduled delivery date of any new Aircraft is delayed for

more than 30 days after the month scheduled for delivery. See Description of the Aircraft and the Appraisals Substitute Aircraft .

- (2) An Aircraft with a Delivery Month prior to the date of this Prospectus Supplement is a currently-owned Aircraft, and an Aircraft with a Delivery Month after the date of this Prospectus Supplement is a new Aircraft.
- (3) The appraised value of each Aircraft set forth above is the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms. In the case of the new Aircraft, such appraisals indicate appraised base value, projected as of the scheduled delivery month of the applicable Aircraft, and in the case of the currently-owned Aircraft, such appraisals indicate appraised base value, adjusted for the maintenance status of the applicable Aircraft. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See Risk Factors Risk Factors Relating to the Certificates and the Offering The Appraisals are only estimates of Aircraft value .

**Table of Contents****Loan to Aircraft Value Ratios**

The following table sets forth loan to Aircraft value ratios ( LTVs ) for each Class of Certificates as of July 12, 2011, the first Regular Distribution Date after all Aircraft are expected to have been financed pursuant to the Offering, and each Regular Distribution Date thereafter. The LTVs for any Class of Certificates for the period prior to July 12, 2011, are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trusts and the related Aircraft will not be included in the calculation. The table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. See Risk Factors Risk Factors Relating to the Certificates and the Offering The Appraisals are only estimates of Aircraft value .

Regular Distribution Date	Assumed Aggregate Aircraft Value(1)	Outstanding Balance(2)		LTV(3)	
		Class A Certificates	Class B Certificates	Class A Certificates	Class B Certificates
July 12, 2011	\$ 694,199,530	\$ 362,659,000	\$ 64,492,000	52.2%	61.5%
January 12, 2012	681,232,577	355,673,699	61,880,821	52.2%	61.3%
July 12, 2012	668,265,623	346,101,441	57,260,636	51.8%	60.4%
January 12, 2013	655,298,670	334,803,531	52,617,567	51.1%	59.1%
July 12, 2013	642,331,716	323,526,267	48,013,715	50.4%	57.8%
January 12, 2014	629,364,763	312,069,361	43,367,459	49.6%	56.5%
July 12, 2014	616,397,810	300,926,497	38,788,247	48.8%	55.1%
January 12, 2015	603,430,856	289,867,930	34,195,537	48.0%	53.7%
July 12, 2015	590,105,916	278,546,935	30,920,887	47.2%	52.4%
January 12, 2016	576,780,975	266,544,159	26,253,491	46.2%	50.8%
July 12, 2016	563,456,035	251,287,529	22,932,481	44.6%	48.7%
January 12, 2017	549,363,517	235,977,715	18,474,931	43.0%	46.3%
July 12, 2017	533,851,132	221,490,994	15,228,596	41.5%	44.3%
January 12, 2018	518,035,861	209,236,132	10,452,402	40.4%	42.4%
July 12, 2018	502,220,590	195,557,177	7,206,951	38.9%	40.4%
January 12, 2019	340,310,582	159,539,343		46.9%	0.0%
July 12, 2019	330,660,553	153,667,164		46.5%	0.0%
January 12, 2020	321,010,524	147,831,830		46.1%	0.0%
July 12, 2020	311,002,508	141,760,532		45.6%	0.0%
January 12, 2021	300,994,492			0.0%	0.0%

- (1) We have assumed that all Aircraft will be financed under this Offering prior to July 12, 2011, and that the initial appraised value of each Aircraft, determined as described under Equipment Notes and the Aircraft , declines by approximately 3% per year for the first 15 years after the year of delivery of such Aircraft, 4% per year for each of the next five years and 5% per year for any subsequent year, in each case prior to the final expected Regular Distribution Date. Other rates or methods of depreciation may result in materially different LTVs. We cannot assure you that the depreciation rate and method used for purposes of the table will occur or predict the actual future value of any Aircraft. See Risk Factors Risk Factors Relating to the Certificates and the Offering The Appraisals are only estimates of Aircraft value .
- (2) In calculating the outstanding balances of each Class of Certificates, we have assumed that the Trusts will acquire the Equipment Notes for all Aircraft. Outstanding balances as of each Regular Distribution Date are

shown after giving effect to distributions expected to be made on such distribution date.

- (3) The LTVs for each Class of Certificates were obtained for each Regular Distribution Date by dividing (i) the expected outstanding balance of such Class (together, in the case of the Class B Certificates, with the expected outstanding balance of the Class A Certificates) after giving effect to the distributions expected to be made on such distribution date, by (ii) the assumed value of all of the Aircraft on such date based on the assumptions described above. The outstanding balances and LTVs of each Class of Certificates will change if the Trusts do not acquire Equipment Notes with respect to all the Aircraft.

S-7

---

**Table of Contents**

**Cash Flow Structure**

Set forth below is a diagram illustrating the structure for the offering of the Certificates and certain cash flows.

- (1) Each Aircraft will be subject to a separate Indenture.
- (2) The Liquidity Facility for each of the Class A and B Certificates will be sufficient to cover three consecutive semiannual interest payments with respect to such Class, except that the Liquidity Facilities will not cover interest on the Deposits.
- (3) The proceeds of the offering of each Class of Certificates will initially be held in escrow and deposited with the Depositary, pending financing of each Aircraft. The Depositary will hold such funds as interest bearing Deposits. Each Trust will withdraw funds from the Deposits relating to such Trust to purchase Equipment Notes from time to time as each Aircraft is financed. The scheduled payments of interest on the Equipment Notes and on the Deposits relating to a Trust, taken together, will be sufficient to pay accrued interest on the outstanding Certificates of such Trust. If any funds remain as Deposits with respect to a Trust at the Delivery Period Termination Date, such funds will be withdrawn by the Escrow Agent and distributed to the holders of the Certificates issued by such Trust, together with accrued and unpaid interest thereon. No interest will accrue with respect to the Deposits after they have been fully withdrawn.

S-8

---

**Table of Contents**

**The Offering**

Certificates Offered	<p>Class A Pass Through Certificates, Series 2010-1.</p> <p>Class B Pass Through Certificates, Series 2010-1.</p> <p>Each Class of Certificates will represent a fractional undivided interest in a related Trust.</p>
Use of Proceeds	<p>The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depository, pending financing of each Aircraft under this Offering. Each Trust will withdraw funds from the escrow relating to such Trust to acquire Equipment Notes as these Aircraft are financed. The Equipment Notes will be issued to generate cash for Continental's general corporate purposes from twelve Boeing aircraft currently owned by Continental and to finance the purchase by Continental of six new Boeing aircraft.</p>
Subordination Agent, Trustee, Paying Agent and Loan Trustee	<p>Wilmington Trust Company.</p>
Escrow Agent	<p>Wells Fargo Bank Northwest, National Association.</p>
Depository	<p>JPMorgan Chase Bank, N.A.</p>
Liquidity Provider	<p>Landesbank Hessen-Thüringen Girozentrale.</p>
Trust Property	<p>The property of each Trust will include:</p> <p>Equipment Notes acquired by such Trust.</p> <p>All monies receivable under the Liquidity Facility for such Trust.</p> <p>Funds from time to time deposited with the applicable Trustee in accounts relating to such Trust, including payments made by Continental on the Equipment Notes held in such Trust.</p>
Regular Distribution Dates	<p>January 12 and July 12, commencing on July 12, 2011.</p>
Record Dates	<p>The fifteenth day preceding the related Distribution Date.</p>
Distributions	<p>The Trustee will distribute all payments of principal, premium (if any) and interest received on the Equipment Notes held in each Trust to the holders of the Certificates of such Trust, subject to the subordination provisions applicable to the Certificates.</p>

Scheduled payments of principal and interest made on the Equipment Notes will be distributed on the applicable Regular Distribution Dates.

Payments of principal, premium (if any) and interest made on the Equipment Notes resulting from any early redemption of such Equipment Notes will be distributed on a special distribution date after not less than 15 days notice from the Trustee to the applicable Certificateholders.

Subordination

Distributions on the Certificates will be made in the following order:

First, to the holders of the Class A Certificates to pay interest on the Class A Certificates.

S-9

---



**Table of Contents**

Second, to the holders of Class B Certificates to pay interest on the Preferred B Pool Balance.

Third, to the holders of the Class A Certificates to make distributions in respect of the Pool Balance of the Class A Certificates.

Fourth, to the holders of the Class B Certificates to pay interest on the Pool Balance of the Class B Certificates not previously distributed under clause Second above.

Fifth, to the holders of the Class B Certificates to make distributions in respect of the Pool Balance of the Class B Certificates.

Control of Loan Trustee

The holders of at least a majority of the outstanding principal amount of Equipment Notes issued under each Indenture will be entitled to direct the Loan Trustee under such Indenture in taking action as long as no Indenture Default is continuing thereunder. If an Indenture Default is continuing, subject to certain conditions, the Controlling Party will direct the Loan Trustee under such Indenture (including in exercising remedies, such as accelerating such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes).

The Controlling Party will be:

The Class A Trustee.

Upon payment of final distributions to the holders of Class A Certificates, the Class B Trustee.

Under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the largest amount owed to it.

In exercising remedies during the nine months after the earlier of (a) the acceleration of the Equipment Notes issued pursuant to any Indenture or (b) the bankruptcy of Continental, the Equipment Notes and the Aircraft subject to the lien of such Indenture may not be sold for less than certain specified minimums.

Right to Purchase Other Classes of Certificates

If Continental is in bankruptcy and certain specified circumstances then exist:

The Class B Certificateholders will have the right to purchase all but not less than all of the Class A Certificates.

If an additional class of junior certificates has been issued, the holders of such junior certificates will have the right to purchase all but not less than all of the Class A and Class B Certificates.

The purchase price will be the outstanding balance of the applicable Class of Certificates plus accrued and unpaid interest.

Liquidity Facilities

Under the Liquidity Facility for each of the Trusts, the Liquidity Provider will, if necessary, make advances in an aggregate amount sufficient to pay interest on the applicable Certificates on up to three successive semiannual Regular Distribution Dates at the interest rate for such Certificates. Drawings under the Liquidity Facilities cannot be used to pay any amount in respect of the Certificates other than

S-10

---

**Table of Contents**

interest and will not cover interest payable on amounts held in escrow as Deposits with the Depository.

Notwithstanding the subordination provisions applicable to the Certificates, the holders of the Certificates to be issued by the Class A Trust or the Class B Trust will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility for such Trust.

Upon each drawing under any Liquidity Facility to pay interest on the Certificates, the Subordination Agent will reimburse the applicable Liquidity Provider for the amount of such drawing. Such reimbursement obligation and all interest, fees and other amounts owing to the Liquidity Provider under each Liquidity Facility and certain other agreements will rank equally with comparable obligations relating to the other Liquidity Facility and will rank senior to the Certificates in right of payment.

**Escrowed Funds**

Funds in escrow for the Certificateholders of each Trust will be held by the Depository as Deposits relating to such Trust. The Trustees may withdraw these funds from time to time to purchase Equipment Notes on or prior to the July 31, 2011 deadline established for purposes of this Offering. On each Regular Distribution Date, the Depository will pay interest accrued on the Deposits relating to such Trust at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The Deposits relating to each Trust and interest paid thereon will not be subject to the subordination provisions applicable to the Certificates. The Deposits cannot be used to pay any other amount in respect of the Certificates.

**Unused Escrowed Funds**

All of the Deposits held in escrow may not be used to purchase Equipment Notes by the July 31, 2011 deadline established for purposes of this Offering. This may occur because of delays in the financing of Aircraft or other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes . If any funds remain as Deposits with respect to any Trust after such deadline, such funds will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest, to the Certificateholders of such Trust after at least 15 days prior written notice. See Description of the Deposit Agreements Unused Deposits .

**Obligation to Purchase Equipment Notes**

The Trustees will be obligated to purchase the Equipment Notes issued with respect to each Aircraft pursuant to the Note Purchase Agreement. Continental will enter into a secured debt financing with respect to each Aircraft pursuant to financing agreements substantially in the forms attached to the Note Purchase Agreement. The terms of such financing agreements must not vary the Required Terms set forth in the Note Purchase Agreement. In addition, Continental must certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders. Continental must also obtain written confirmation from each Rating Agency that the use of financing agreements modified in any material respect from the forms



**Table of Contents**

attached to the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. The Trustees will not be obligated to purchase Equipment Notes if, at the time of issuance, Continental is in bankruptcy or certain other specified events have occurred. See Description of the Certificates Obligation to Purchase Equipment Notes .

Issuances of Additional Classes of Certificates

After the Delivery Period Termination Date, additional pass through certificates of one or more separate pass through trusts, which will evidence fractional undivided ownership interests in equipment notes secured by Aircraft, may be issued. Any such transaction may relate to a refinancing of Series B Equipment Notes issued with respect to all (but not less than all) of the Aircraft or the issuance of a single new series of subordinated equipment notes with respect to some or all of the Aircraft. The holders of additional pass through certificates relating to such subordinated equipment notes will have the right to purchase all of the Class A and B Certificates under certain circumstances after a bankruptcy of Continental at the outstanding principal balance of the Certificates plus accrued and unpaid interest and other amounts due to Certificateholders, but without a premium. Consummation of any such issuance of additional pass through certificates will be subject to satisfaction of certain conditions, including receipt of confirmation from the Rating Agencies that it will not result in a withdrawal, suspension or downgrading of any Class of Certificates that remains outstanding. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates .

Equipment Notes

(a) Issuer

Continental.

(b) Interest

The Equipment Notes held in each Trust will accrue interest at the rate per annum for the Certificates issued by such Trust set forth on the cover page of this Prospectus Supplement. Interest will be payable on January 12 and July 12 of each year, commencing on the first such date after issuance of such Equipment Notes (but not before July 12, 2011). Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.

(c) Principal

Principal payments on the Equipment Notes are scheduled on January 12 and July 12 in certain years, commencing on January 12, 2012.

(d) Redemption

*Aircraft Event of Loss.* If an Event of Loss occurs with respect to an Aircraft, all of the Equipment Notes issued with respect to such Aircraft will be redeemed, unless Continental replaces such Aircraft under the related financing agreements. The redemption price in such case will be the unpaid principal amount of such Equipment Notes, together with accrued interest, but without any premium.

*Optional Redemption.* Continental may elect to redeem all of the Equipment Notes issued with respect to an Aircraft prior to maturity only if all outstanding Equipment Notes with respect to all other Aircraft are simultaneously redeemed. In addition, Continental may elect to

S-12

---

**Table of Contents**

redeem the Series B Equipment Notes in connection with a refinancing of such Series. The redemption price for any optional redemption will be the unpaid principal amount of the relevant Equipment Notes, together with accrued interest and Make-Whole Premium.

(e) Security

The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft.

(f) Substitution for Currently-Owned Aircraft

Continental may elect to release any currently-owned Aircraft from the security interest of the Equipment Notes and replace it with an aircraft of the same model (or, in the case of a Boeing 737-924 Aircraft, the same model, a Boeing 737-824 aircraft or a Boeing 737-924ER aircraft), so long as:

No Indenture Default has occurred and is continuing.

The replacement aircraft was manufactured not more than one year prior to the date of manufacture of the released Aircraft.

The replacement aircraft has an appraised current market value, adjusted for its maintenance status, not less than that of the released Aircraft.

(g) Cross-collateralization

The Equipment Notes held in the Trusts will be cross-collateralized. This means that any proceeds from the exercise of remedies with respect to an Aircraft will be available to cover shortfalls then due under Equipment Notes issued with respect to the other Aircraft. In the absence of any such shortfall, excess proceeds will be held by the relevant Loan Trustee as additional collateral for such other Equipment Notes.

(h) Cross-default

There will be cross-default provisions in the Indentures. This means that if the Equipment Notes issued with respect to one Aircraft are in default and remedies are exercisable with respect to such Aircraft, the Equipment Notes issued with respect to the remaining Aircraft will also be in default, and remedies will be exercisable with respect to all Aircraft.

(i) Section 1110 Protection

Continental's outside counsel will provide its opinion to the Trustees that the benefits of Section 1110 of the U.S. Bankruptcy Code will be available with respect to the Equipment Notes.

Certain Federal Income Tax Consequences

Each person acquiring an interest in Certificates generally should report on its federal income tax return its pro rata share of income from the relevant Deposits and income from the Equipment Notes and other property held by the relevant Trust. See Certain U.S. Federal Income Tax Consequences .

Certain ERISA Considerations

Each person who acquires a Certificate will be deemed to have represented that either: (a) no employee benefit plan assets have been used to purchase or hold such Certificate or (b) the purchase and holding of such Certificate are exempt from the prohibited transaction restrictions of

ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions. See Certain ERISA Considerations .

S-13

---



**Table of Contents**

		<b>Moody s</b>	<b>Standard &amp; Poor s</b>
Threshold Rating for the Depositary	Short Term	P-1	A-1+
Depositary Rating	The Depositary meets the Depositary Threshold Rating requirement.		
		<b>Moody s</b>	<b>Standard &amp; Poor s</b>
Threshold Rating for the Liquidity Provider	Short Term	P-1	A-1
Liquidity Provider Rating	The Liquidity Provider meets the Liquidity Threshold Rating requirement.		
	S-14		

---

**Table of Contents****SUMMARY FINANCIAL AND OPERATING DATA**

The following tables summarize certain consolidated financial and operating data with respect to Continental. The following selected consolidated financial data for the nine months ended September 30, 2010 and 2009 are derived from the unaudited consolidated financial statements of Continental, including the notes thereto, included in Continental's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010 and incorporated by reference in this Prospectus Supplement, and should be read in conjunction with those financial statements. The following selected consolidated financial data for the years ended December 31, 2009 and 2008 and the statement of operations data for the year ended December 31, 2007 are derived from the audited consolidated financial statements of Continental, including the notes thereto, included in Continental's Annual Report on Form 10-K for the year ended December 31, 2009 and incorporated by reference in this Prospectus Supplement, and should be read in conjunction with those financial statements. The following balance sheet data as of December 31, 2007 and selected consolidated financial data for the years ended December 31, 2006 and 2005 are derived from the selected financial data contained in Continental's Annual Report on Form 10-K for the year ended December 31, 2009 and incorporated by reference in this Prospectus Supplement.

	<b>Nine Months Ended September 30,</b>		<b>Year Ended December 31,</b>				
	<b>2010</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>

**(In millions except per share data and ratios)**

**Statement of Operations****Data(1):**

Operating revenue	\$ 10,830	\$ 9,404	\$ 12,586	\$ 15,241	\$ 14,232	\$ 13,128	\$ 11,208
Operating expenses	10,111	9,551	12,732	15,555	13,545	12,660	11,247
Operating income (loss)	719	(147)	(146)	(314)	687	468	(39)
Income (loss) before cumulative effect of change in accounting principle	441	(367)	(282)	(586)	439	361	(75)
Cumulative effect of change in accounting principle						(26)	
Net income (loss)	441	(367)	(282)	(586)	439	335	(75)
Earnings (loss) per share: Basic:							
Income (loss) before cumulative effect of change in accounting principle	\$ 3.16	\$ (2.91)	\$ (2.18)	\$ (5.54)	\$ 4.53	\$ 4.05	\$ (1.06)
Cumulative effect of change in accounting principle						(0.29)	
Net income (loss)	\$ 3.16	\$ (2.91)	\$ (2.18)	\$ (5.54)	\$ 4.53	\$ 3.76	\$ (1.06)

Diluted:

Income (loss) before cumulative effect of change in accounting principle	\$	2.81	\$	(2.91)	\$	(2.18)	\$	(5.54)	\$	4.05	\$	3.51	\$	(1.08)
Cumulative effect of change in accounting principle												(0.23)		
Net income (loss)	\$	2.81	\$	(2.91)	\$	(2.18)	\$	(5.54)	\$	4.05	\$	3.28	\$	(1.08)
Ratio of Earnings to Fixed Charges(2)		1.47						1.42		1.25				

*(footnotes appear on following page)*

**Table of Contents**

(1) Includes the following special income (expense) items:

	<b>Nine Months Ended</b>		<b>Year Ended December 31,</b>				<b>2005</b>
	<b>September 30, 2010</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	
	<b>(In millions)</b>						
Operating (expense) income:							
Pension settlement/curtailment charges	\$	\$	\$ (29)	\$ (52)	\$ (31)	\$ (59)	\$ (83)
Aircraft-related charges, net of gains on sales of aircraft.	(6)	(53)	(89)	(40)	22	18	16
Severance	(3)	(5)	(5)	(34)			
Route impairment and other	(9)	(10)	(22)	(55)	(4)	14	
Merger-related costs	(29)						
Nonoperating (expense) income:							
Gains on sale of investments				78	37	92	204
Loss on fuel hedge contracts with Lehman Brothers				(125)			
Write-down of auction rate securities, net of put right received				(34)			
Income tax credit (expense) related to NOL utilization				28	(114)		
Cumulative effect of change in accounting principle						(26)	

(2) For purposes of calculating this ratio, earnings consist of income before income taxes and cumulative effect of changes in accounting principles adjusted for undistributed income of companies in which Continental has a minority equity interest plus interest expense (net of capitalized interest), the portion of rental expense representative of interest expense and amortization of previously capitalized interest. Fixed charges consist of interest expenses, the portion of rental expense representative of interest expense, the amount amortized for debt discount, premium and issuance expense and interest previously capitalized. For the nine months ended September 30, 2009 and the years ended December 31, 2009, 2008 and 2005, earnings were inadequate to cover fixed charges and the coverage deficiency was \$365 million, \$436 million, \$702 million and \$109 million, respectively.

	<b>As of</b>		<b>As of December 31,</b>				<b>2005</b>
	<b>September 30, 2010</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	
	<b>(In millions)</b>						
<b>Balance Sheet Data:</b>							
Unrestricted cash, cash equivalents and short-term investments	\$ 4,204	\$ 2,542	\$ 2,856	\$ 2,643	\$ 2,803	\$ 2,484	\$ 1,957

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

Total assets	14,732	12,596	12,781	12,686	12,105	11,308	10,529
Long-term debt and capital leases	6,079	5,290	5,291	5,353	4,337	4,820	5,010
Stockholders equity	1,162	446	590	123	1,569	386	273

S-16

---

**Table of Contents****Selected Operating Data**

Continental has two reportable segments: mainline and regional. The mainline segment consists of flights to cities using larger jets while the regional segment currently consists of flights with a capacity of 78 or fewer seats. As of September 30, 2010, flights in Continental's regional segment were operated by ExpressJet Airlines, Chautauqua Airlines, CommutAir and Colgan Airlines under capacity purchase agreements with Continental.

	Nine Months Ended September 30,		Year Ended December 31,				2005
	2010	2009	2009	2008	2007	2006	
<b>Mainline Operations:</b>							
Passengers (thousands)(1)	34,087	34,619	45,573	48,682	50,960	48,788	44,939
Revenue passenger miles (billions)(2)	62,278	60,589	79,824	82,806	84,309	79,192	71,261
Available seat miles (billions)(3)	74,147	74,119	97,407	102,527	103,139	97,667	89,647
Freight ton miles (millions)	825	664	948	1,005	1,037	1,075	1,018
Passenger load factor(4):							
Mainline	84.0%	81.7%	81.9%	80.8%	81.7%	81.1%	79.5%
Domestic	85.2%	84.9%	84.8%	83.3%	83.9%	83.6%	81.2%
International	82.9%	78.8%	79.2%	78.2%	79.4%	78.2%	77.5%
Passenger revenue per available seat mile (cents)	10.79	9.36	9.49	11.10	10.47	9.96	9.32
Unit revenue per available seat mile (cents)	12.32	10.75	10.92	12.51	11.65	11.17	10.46
Average yield per revenue passenger mile (cents)(5)	12.85	11.45	11.58	13.75	12.80	12.29	11.73
Average fare per revenue passenger	\$ 237.34	\$ 202.62	\$ 204.89	\$ 236.26	\$ 214.06	\$ 201.81	\$ 188.67
Cost per available seat mile, including special charges (cents)	11.29	10.60	10.75	12.44	10.83	10.56	10.22
Special charges (credits)							
Including merger-related costs per available seat mile (cents)	0.06	0.08	0.13	0.15	0.01	0.03	0.07
Average price per gallon of fuel, including fuel taxes	\$ 2.21	\$ 1.97	\$ 1.98	\$ 3.27	\$ 2.18	\$ 2.06	\$ 1.78
Fuel gallons consumed (billions)	1,054	1,061	1,395	1,498	1,542	1,471	1,376
Aircraft in fleet at end of period(6)	348	338	337	350	365	366	356
Average length of aircraft flight (miles)	1,625	1,549	1,550	1,494	1,450	1,431	1,388
	10:43	10:45	10:37	11:06	11:34	11:07	10:31

average daily utilization of  
each aircraft (hours)(7)

**Regional Operations:**

Revenue passengers (thousands)(1)	13,335	12,932	17,236	18,010	17,970	18,331	16,076
Revenue passenger miles (billions)(2)	7,287	6,984	9,312	9,880	9,856	10,325	8,938
Available seat miles (billions)(3)	9,218	9,145	12,147	12,984	12,599	13,251	11,973
Passenger load factor(4)	79.0%	76.4%	76.7%	76.1%	78.2%	77.9%	74.7%
Passenger revenue per available seat mile (cents)	18.09	15.22	15.59	18.14	17.47	17.15	15.67
Average yield per revenue passenger mile (cents)(5)	22.88	19.93	20.34	23.83	22.33	22.01	20.99
Aircraft in fleet at end of period(6)	252	266	264	282	263	282	266

**Consolidated Operations:**

Revenue passengers (thousands)(1)	47,422	47,551	62,809	66,692	68,930	67,119	61,015
Revenue passenger miles (billions)(2)	69,565	67,573	89,136	92,686	94,165	89,517	80,199
Available seat miles (billions)(3)	83,365	83,264	109,554	115,511	115,738	110,918	101,620
Passenger load factor(4)	83.4%	81.2%	81.4%	80.2%	81.4%	80.7%	78.9%
Passenger revenue per available seat mile (cents)	11.60	10.01	10.17	11.89	11.23	10.82	10.07
Average yield per revenue passenger mile (cents)(5)	13.90	12.33	12.50	14.82	13.80	13.41	12.76

- (1) The number of revenue passengers measured by each flight segment flown.
- (2) The number of scheduled miles flown by revenue passengers.
- (3) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
- (4) Revenue passenger miles divided by available seat miles.
- (5) The average passenger revenue received for each revenue passenger mile flown.
- (6) Excludes aircraft that were removed from service. Regional aircraft include aircraft operated by all carriers under capacity purchase agreements with Continental, but exclude any aircraft operated by other operators outside the scope of Continental's capacity purchase agreements.
- (7) The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).

**Table of Contents**

**RISK FACTORS**

**Risk Factors Relating to the Company**

***Fuel prices or disruptions in fuel supplies could have a material adverse effect on us***

Expenditures for fuel and related taxes represent the largest single cost of operating our business. These costs include fuel costs on flights flown for us under capacity purchase agreements. Our operations depend on the availability of jet fuel supplies, and our results are significantly impacted by changes in jet fuel prices, especially during periods of high volatility such as 2008. If fuel prices rise significantly in a short period of time, we may be unable to increase fares or other fees sufficiently to offset fully our increased fuel costs.

We routinely hedge a portion of our future fuel requirements to protect against rising fuel costs. However, there can be no assurance that our hedge contracts will provide any particular level of protection against increased fuel costs or that our counterparties will be able to perform under our hedge contracts, such as in the case of a counterparty's bankruptcy. Because of the large volume of jet fuel that we consume in our business, entering into hedge contracts for any substantial portion of our future projected fuel requirements is costly. Additionally, a deterioration in our financial condition could negatively affect our ability to enter into new hedge contracts in the future.

Significant declines in fuel prices (such as those experienced in the last six months of 2008) may increase the costs associated with our fuel hedging arrangements to the extent we have entered into swaps or collars. Swaps and put options sold as part of a collar obligate us to make payments to the counterparty upon settlement of the contracts if the price of the commodity hedged falls below the agreed upon amount. Historically, declining crude oil prices have resulted in our being required to post significant amounts of collateral to cover potential amounts owed with respect to swap and collar contracts that have not yet settled. Additionally, lower fuel prices may result in increased industry capacity and lower fares, especially to the extent that reduced fuel costs justify increased utilization by airlines of less fuel efficient aircraft that are unprofitable during periods of higher fuel prices.

Fuel prices could increase dramatically and supplies could be disrupted as a result of international political and economic circumstances, such as increasing international demand resulting from a global economic recovery, conflicts or instability in the Middle East or other oil producing regions and diplomatic tensions between the United States and oil producing nations, as well as OPEC production decisions, disruptions of oil imports, environmental concerns, weather, refinery outages or maintenance and other unpredictable events.

Further volatility in jet fuel prices or disruptions in fuel supplies, whether as a result of natural disasters or otherwise, could have a material adverse effect on our results of operations, financial condition and liquidity.

***Disruptions in the global capital markets coupled with our high leverage may affect our ability to satisfy our significant financing needs or meet our obligations***

As is the case with many of our principal competitors, we have a high proportion of debt compared to our capital. We have a significant amount of fixed obligations, including debt, aircraft leases and financings, leases of airport property and other facilities and pension funding obligations. At September 30, 2010, we had approximately \$6.9 billion of debt and capital lease obligations, including \$818 million that will come due in the next 12 months.

In addition, we have substantial non-cancelable commitments for capital expenditures, including the acquisition of new aircraft and related spare engines. To meet these obligations, we must access the global capital markets and/or



achieve and sustain profitability. If there are future disruptions in the global capital markets, as were experienced in late 2008 through mid-2009, we may be unable to obtain financing or otherwise access the capital markets on favorable terms.

*Credit rating downgrades could have a material adverse effect on our liquidity*

Reductions in our credit ratings may increase the cost and reduce the availability of financing to us in the future. We do not have any debt obligations that would be accelerated as a result of a credit rating downgrade. However, we would have to post additional collateral under our credit card processing agreements with Chase Bank

S-18

---

**Table of Contents**

USA, N.A. ( Chase ) and American Express and under our workers compensation program if our debt rating falls below specified levels. See Risk Factors Relating to the Company Failure to meet our financial covenants would adversely affect our liquidity .

***Failure to meet our financial covenants would adversely affect our liquidity***

Our credit card processing agreement with Chase (the Chase processing agreement ) contains financial covenants which require, among other things, that we post additional cash collateral if we fail to maintain (1) a minimum level of unrestricted cash, cash equivalents and short-term investments, (2) a minimum ratio of unrestricted cash, cash equivalents and short-term investments to current liabilities of 0.25 to 1.0 or (3) a minimum senior unsecured debt rating of at least Caa3 and CCC- from Moody s Investors Service, Inc. ( Moody s ) and Standard & Poor s Ratings Services, a Standard & Poor s Financial Services LLC business ( Standard & Poor s , and together with Moody s, the Rating Agencies ), respectively. If a covenant trigger under the Chase processing agreement results in our posting additional collateral under that agreement, we would also be required to post additional collateral under our credit card processing agreement with American Express.

The amount of additional cash collateral that we may be required to post if we fail to comply with the financial covenants described above, which is based on our then-current air traffic liability exposure (as defined in each agreement), could be significant. Depending on our unrestricted cash, cash equivalents and short-term investments balance at the time, the posting of a significant amount of cash collateral could have a material adverse effect on our financial condition.

We are currently in compliance with all of the covenants under these agreements.

***Our obligations for funding our defined benefit pension plans are affected by factors beyond our control***

We have defined benefit pension plans covering substantially all of our U.S. employees other than employees of our Chelsea Food Services division and our wholly-owned subsidiary, Continental Micronesia, Inc. ( CMI ). The timing and amount of our funding requirements under these plans depend upon a number of factors, including labor negotiations and changes to pension plan benefits as well as factors outside of our control, such as the number of retiring employees, asset returns, interest rates and changes in pension laws. Changes to these and other factors, such as liquidity requirements, that can significantly increase our funding requirements could have a material adverse effect on our financial condition.

***Our initiatives to increase revenues may not be adequate or successful***

As we seek to achieve and sustain profitability, we must continue to take steps to generate additional revenues. These measures include charging separately for services that previously had been included within the price of a ticket, charging for other goods and services and increasing our existing fees. We intend to introduce additional ancillary revenue initiatives in the future. We can offer no assurance that these new measures or any future initiatives will be successful in increasing our revenues. Additionally, the implementation of some of these initiatives could create technical and logistical challenges for us. Any new and increased fees or charges might also reduce the demand for travel on our airline or across the airline industry in general, particularly in light of current weakened global economic conditions.

***Delays in scheduled aircraft deliveries continue to adversely affect our ability to expand our international capacity***

Because all of our widebody aircraft are already fully utilized, we will need to acquire additional widebody aircraft to grow internationally when the level of demand for international air travel supports such growth. We have contractual

commitments to purchase the long-range widebody aircraft that we currently believe are necessary for our international growth, but significant delays in their deliveries have occurred. We have been, and continue to be, adversely impacted by those delays. If significant additional delays in the deliveries of these new aircraft occur, we will only be able to accomplish international growth by making alternate arrangements to acquire the necessary

S-19

---

**Table of Contents**

long-range aircraft, if available, and possibly on less financially favorable terms, including higher ownership and operating costs.

***Our labor costs may not be competitive***

Labor costs constitute a significant percentage of our total operating costs. All of the major hub-and-spoke carriers with whom we compete have achieved significant labor cost reductions, whether in or out of bankruptcy. Our wages, salaries and benefits cost per available seat mile, measured on a stage length adjusted basis, is higher than that of many of our competitors. These higher labor costs may adversely affect our ability to achieve and sustain profitability while competing with other airlines that have achieved lower relative labor costs. Additionally, we cannot predict the outcome of our ongoing negotiations with our unionized workgroups, although significant increases in the pay and benefits resulting from new collective bargaining agreements could have a material adverse effect on us.

If we experience problems with certain of our third party regional operators, our operations could be materially adversely affected. All of our regional operations are conducted by third party operators on our behalf, primarily under capacity purchase agreements. Due to our reliance on third parties to provide these essential services, we are subject to the risks of disruptions to their operations, which may result from many of the same risk factors disclosed in this Prospectus Supplement. In addition, we may also experience disruption to our regional operations if we terminate the capacity purchase agreement with one or more of our current operators and transition the services to another provider. As our regional segment provides revenue to us directly and indirectly (by providing flow traffic to our hubs), a significant disruption to our regional operations could have a material adverse effect on our results of operations and financial condition.

***Interruptions or disruptions in service at one of our hub airports could have a material adverse effect on our operations***

We operate principally through our hub operations at metropolitan New York's Newark Liberty International Airport, Houston's George Bush International Airport, Cleveland's Hopkins International Airport and Guam's A.B. Won Pat International Airport. Substantially all of our flights either originate from or fly into one of these locations, contributing to a large amount of origin and destination traffic. A significant interruption or disruption in service at one of our hubs resulting from air traffic control delays, weather conditions, growth constraints, relations with third party service providers, failure of computer systems, labor relations, fuel supplies, terrorist activities, security breaches or otherwise could result in the cancellation or delay of a significant portion of our flights and, as a result, our business could be materially adversely affected.

We could experience adverse publicity and declining revenues as a result of an accident involving our aircraft or the aircraft of our regional carriers. Any accident involving an aircraft that we operate or an aircraft that is operated under our brand by one of our regional carriers could have a material adverse effect on us if such accident created a public perception that our operations or those of our regional carriers are less safe or reliable than other airlines, resulting in passengers being reluctant to fly on our aircraft or those of our regional carriers. In addition, any such accident could expose us to significant tort liability. Although we currently maintain liability insurance in amounts and of the type we believe to be consistent with industry practice to cover damages arising from any such accidents, and our regional carriers carry similar insurance and generally indemnify us for their operations on our behalf, if our liability exceeds the applicable policy limits or the ability of a carrier to indemnify us, we could incur substantial losses from an accident.

***A significant failure or disruption of the computer systems on which we rely could adversely affect our business***

We depend heavily on computer systems and technology to operate our business, such as flight operations systems, communications systems, airport systems and reservations systems (including continental.com and third party global distribution systems). These systems could suffer substantial or repeated disruptions due to events beyond our control, including natural disasters, power failures, terrorist attacks, equipment or software failures, computer viruses or hackers. Any such disruptions could materially impair our flight and airport operations and our

S-20

---

## **Table of Contents**

ability to market our services, and could result in increased costs, lost revenue and the loss or compromise of important data. Although we have taken measures in an effort to reduce the adverse effects of certain potential failures or disruptions, if these steps are not adequate to prevent or remedy the risks, our business may be materially adversely affected.

### **Risk Factors Relating to the Merger**

#### ***The Merger may present certain risks to the business and operations of Continental and the combined company***

On October 1, 2010, Continental became a wholly-owned subsidiary of United Continental Holdings, Inc. (formerly UAL Corporation and referred to herein as "UAL") as a result of the merger of a subsidiary of UAL with and into Continental (the "Merger"). United Air Lines, Inc. ("United"), another major U.S. air carrier, is also a wholly-owned subsidiary of UAL. Continental expects that Continental and United will be combined as a single legal entity at some subsequent date. Until the operational integration of Continental and United is complete, Continental and United will continue to operate as separate airlines.

The Merger may present certain risks to the business and operations of the combined company including, among other things, the risks that:

the combined company may be unable to integrate successfully the businesses and workforces of Continental and United;

conditions, terms, obligations or restrictions relating to the Merger that may be imposed on the combined company by regulatory authorities may affect the combined company's business and operations;

the combined company may lose additional management personnel and other key employees and be unable to attract and retain such personnel and employees;

the combined company may be unable to successfully manage the expanded business with respect to monitoring new operations and associated increased costs and complexity;

the combined company may be unable to avoid potential liabilities and unforeseen increased expenses or delays associated with the Merger;

the combined company may be unable to manage the complex integration of systems, technology, aircraft fleets, networks and other assets of United and Continental in a manner that minimizes any adverse impact on customers, vendors, suppliers, employees and other constituencies;

the combined company's ability to use net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes may be limited; and

launching branding or rebranding initiatives may involve substantial costs and may not be favorably received by customers.

Accordingly, there can be no assurance that the Merger will result in the realization of the full benefits of synergies, cost savings, innovation and operational efficiencies that we currently expect or that these benefits will be achieved within the anticipated time frame.

***Continental may take actions not to Continental's advantage as a stand-alone airline in connection with the integration of Continental and United***

After completion of the Merger, it is expected that the integration of the business and operations of Continental and United will begin while they are separate, wholly-owned subsidiaries of UAL. As part of this integration, Continental may take actions intended to benefit the overall business and operations of the combined airline operations of Continental and United that may not be to Continental's advantage as a stand-alone airline.

S-21

---

**Table of Contents**

***Once Continental and United are combined as a single entity, that entity will be bound by all of the obligations and liabilities of both companies***

Continental expects that Continental and United will be combined as a single legal entity at some subsequent date. As a result of such transaction, the combined legal entity will become bound by all of the obligations and liabilities of both Continental and United. The incurrence by the combined entity of such obligations and liabilities of Continental and United will not be restricted by agreements relating to the Certificates. Continental cannot predict the financial condition of the combined entity at the time of such combination or the ability of the combined entity to satisfy such combined obligations and liabilities.

***Union disputes, employee strikes or slowdowns, and other labor-related disruptions, as well as the integration of the United and Continental workforces in connection with the Merger, present the potential for increased labor costs, additional labor disputes and a delay in achieving expected Merger synergies that could adversely affect the combined company's operations and impair its financial performance***

United and Continental are both highly unionized companies. More than 80% of United's 46,000 employees are organized and approximately 63% of Continental's 41,400 employees are organized. United currently has eleven domestic collective bargaining agreements with six different unions, all of which became amendable pursuant to the Railway Labor Act ( RLA ) on or about December 31, 2009 or January 7, 2010, and United is currently in negotiations with all of its unions for new agreements. Continental has five collective bargaining agreements with four different unions and most of Continental's agreements became amendable pursuant to the RLA on either December 31, 2008 or December 31, 2009.

The successful integration of United and Continental and achievement of the anticipated benefits of the combination depend significantly on integrating United's and Continental's employee groups and maintaining productive employee relations. Failure to do so presents the potential for increased labor costs, labor disputes and a delay in achieving expected Merger synergies that could adversely affect our operations.

In order to fully integrate the pre-Merger represented employee groups, the combined company must negotiate a joint collective bargaining agreement covering each combined group. The process for integrating the labor groups of United and Continental is governed by a combination of the RLA, the McCaskill-Bond Act, and where applicable, the existing provisions of each company's collective bargaining agreements and union policy. Pending operational integration, Continental will apply the terms of the existing collective bargaining agreements unless other terms have been negotiated. Under the McCaskill-Bond Act, seniority integration must be accomplished in a fair and equitable manner consistent with the process set forth in the Allegheny-Mohawk Labor Protective Provisions ( LPPs ) or internal union merger policies, if applicable. Employee dissatisfaction with the results of the seniority integration may lead to litigation that in some cases can delay implementation of the integrated seniority list. The National Mediation Board ( NMB ) has exclusive authority to resolve representation disputes arising out of airline mergers.

Following announcement of the Merger, the Air Line Pilots Association, International ( ALPA ), which represents pilots at both carriers, opted to pursue negotiations with United and Continental for a joint collective bargaining agreement ( JCBA ) that would govern the combined pilot group. In July 2010, United and Continental reached agreement with ALPA on a Transition and Process Agreement that provides a framework for conducting pilot operations of the two employee groups until the parties reach agreement on a JCBA and the carriers obtain a single operating certificate. On August 10, 2010, United and Continental began joint negotiations with ALPA and the negotiations are presently ongoing.

There is a risk that unions or individual employees might pursue judicial or arbitral claims arising out of changes implemented as a result of the Merger. There is also a possibility that employees or unions could engage in job actions



such as slow-downs, work-to-rule campaigns, sick-outs or other actions designed to disrupt United's and Continental's normal operations, whether in opposition to the Merger or in an attempt to pressure the companies in collective bargaining negotiations.

S-22

---

**Table of Contents**

***The combined company's ability to use NOL carryforwards to offset future taxable income for U.S. federal income tax purposes may be significantly limited due to various circumstances, including the Merger and certain other possible future transactions involving the sale or issuance of UAL common stock, or if taxable income does not reach sufficient levels***

As of December 31, 2009, UAL reported federal net operating loss carryforwards ( NOLs ) of approximately \$9.3 billion and Continental reported federal NOL carryforwards of approximately \$3.7 billion.

The combined company's ability to use its NOL carryforwards may be limited if UAL or Continental experiences an ownership change as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the Code ). An ownership change generally occurs if certain stockholders increase their aggregate percentage ownership of a corporation's stock by more than 50 percentage points over their lowest percentage ownership at any time during the testing period, which is generally the three-year period preceding any potential ownership change.

Based on currently available information, we believe the Merger resulted in an ownership change of Continental under Section 382. It is not yet clear whether the Merger also resulted in an ownership change of UAL under Section 382. If the Merger did not result in an ownership change of UAL under Section 382, the Merger would increase the possibility that UAL will experience an ownership change in the future in connection with potential future transactions involving the sale or issuance of its stock.

As a result, the combined company's ability to use Continental's pre-Merger NOLs is expected to be subject to the limitations imposed by Section 382, and its ability to use UAL's pre-Merger NOLs may be or become subject to limitations as well. Under Section 382, an annual limitation applies to the amount of pre-ownership change NOLs that may be used to offset post-ownership change taxable income. This limitation could cause the combined company's U.S. federal income taxes to be greater, or to be paid earlier, than they otherwise would be, and could cause all or a portion of the combined company's NOL carryforwards to expire unused. Similar rules and limitations may apply for state income tax purposes.

The combined company's ability to use its NOL carryforwards will also depend on the amount of taxable income it generates in future periods. Its NOL carryforwards may expire before the combined company can generate sufficient taxable income to use them in full.

**Risk Factors Relating to the Airline Industry**

***The global recession could continue to result in less demand for air travel***

The airline industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and global economies. The severe economic recession in the U.S. and global economies had a substantial negative impact on the demand for air carrier services beginning in the fourth quarter of 2008. This decline in demand has disproportionately reduced the volume of high-yield traffic in the premium cabins on domestic and international flights, as many business travelers either curtailed their travel or purchased lower yield economy tickets. The diminished volume of high-yield traffic has significantly reduced airline revenues since the fourth quarter of 2008.

Although we have seen indications in recent months that the airline industry is experiencing the early stages of a recovery, including strengthening demand and improving revenue, we cannot predict whether demand for air travel will continue to improve or the rate of such improvement. Stagnant or worsening global economic conditions that continue to contribute to the loss of business and leisure traffic, particularly the loss of high-yield international traffic in our first class and BusinessFirst cabins, could have a material adverse effect on our results of operations and financial condition.

***The airline industry is highly competitive and susceptible to price discounting***

The U.S. airline industry is characterized by substantial price competition, especially in domestic markets. Carriers use discount fares to stimulate traffic during periods of slack demand, or when they begin service to new cities or have excess capacity, to generate cash flow and to establish, increase or preserve market share. Some of our competitors have greater financial resources (including a larger percentage or more favorable fuel hedges against

S-23

---

**Table of Contents**

price increases) and/or lower cost structures than we do, in some cases as the result of bankruptcies and/or mergers. In recent years, the domestic market share held by low-cost carriers has increased significantly and is expected to continue to increase. The increased market presence of low-cost carriers, which engage in substantial price discounting, has diminished the ability of the network carriers to maintain sufficient fare levels in domestic markets to achieve sustained profitability. We cannot predict whether or for how long these trends will continue.

In addition to price competition, airlines also compete for market share by increasing the size of their route system and the number of markets they serve. Several of our domestic competitors have increased their international capacity, including service to some destinations that we currently serve. Additionally, the open skies agreement between the United States and the European Union, which became effective on March 30, 2008 is resulting in increased competition from European and U.S. airlines in these international markets, and may give rise to additional consolidation or better integration opportunities among European carriers. The open skies agreement between the United States and Japan announced in December 2009 is also likely to increase competition in affected markets if it becomes effective. The increased competition in these international markets, particularly to the extent our competitors engage in price discounting, may have a material adverse effect on our results of operations, financial condition or liquidity.

***Expanded government regulation could further increase our operating costs and restrict our ability to conduct our business***

Airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs and can adversely affect us. Additional laws, regulations, airport rates and charges and growth constraints have been proposed from time to time that could significantly increase the cost of airline operations or reduce revenue. In addition, to address concerns about airport congestion, the Federal Aviation Administration (the FAA) has designated certain airports, including metropolitan New York's Newark Liberty International Airport (New York Liberty), New York's John F. Kennedy International Airport (Kennedy) and LaGuardia Airport (LaGuardia) as high density traffic airports, and has imposed operating restrictions at these three airports, which may include capacity reductions. In addition, the FAA has designated New York Liberty and Kennedy as Level 3 Coordinated Airports under the IATA Worldwide Scheduling Guidelines, which requires us to participate in seasonal FAA procedures for capacity allocation and schedule coordination for New York Liberty and to have airport takeoff and landing slots to operate at that airport. Additional restrictions on airline routes and airport takeoff and landing slots may be proposed that could affect rights of ownership and transfer. Although we do not believe that these current operating restrictions will have a material adverse effect on our operations at New York Liberty, we cannot predict the impact of future capacity constraints or allocations or other restrictions on our operations that might be imposed by the FAA, Congress or other regulators, which could have a material adverse effect on us.

The FAA from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures or operational restrictions, and which could include the temporary grounding of an entire aircraft type if the FAA identifies design, manufacturing, maintenance or other issues requiring immediate corrective action. FAA requirements cover, among other things, retirement of older aircraft, security measures, collision avoidance systems, airborne windshear avoidance systems, noise abatement and other environmental concerns, aircraft operation and safety and increased inspections and maintenance procedures to be conducted on older aircraft. These FAA directives or requirements could have a material adverse effect on us.

Many aspects of airlines' operations also are subject to increasingly stringent federal, state, local and foreign laws protecting the environment, including the imposition of additional taxes on airlines or their passengers. Future regulatory developments in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. The European Union has issued a directive to member states to include aviation in its Greenhouse Gas Emissions Trading Scheme (ETS), which required us to begin monitoring our emissions of carbon

dioxide effective January 1, 2010 and will require us to have emissions allowances equal to the amount of our carbon dioxide emissions to operate flights to and from member states of the European Union in January 2012 and thereafter, including flights between the United States and the European Union. On December 16, 2009, we joined a lawsuit in the United Kingdom with the Air Transport Association of America, American Airlines and United to challenge the extension of the European Union's ETS to include aviation and the imposition of its requirements on us. In addition, non-EU governments are expected to challenge the application of the ETS to their

S-24

---

**Table of Contents**

airlines; however, we may be forced to comply with the ETS requirements during the pendency of a legal challenge. We may have to purchase emissions allowances through the ETS to cover EU flights that exceed our free allowances, which could result in substantial costs for us.

Other regulatory actions that may be taken in the future by the U.S. government, other foreign governments or the International Civil Aviation Organization to address concerns about climate change and air emissions from the aviation sector are unknown at this time. Climate change legislation has been introduced in the U.S. Congress, including a proposal to require transportation fuel producers and importers to acquire allowances sufficient to offset the emissions resulting from combustion of their fuels. We cannot predict, however, if any such legislation will pass the Congress or, if passed and enacted into law, how it would specifically apply to the aviation industry. In addition, effective January 14, 2010, the Administrator of the U.S. Environmental Protection Agency (the EPA) found that current and projected concentrations of greenhouse gases in the atmosphere threaten the public health and welfare. Although legal challenges and legislative proposals are expected that may invalidate this endangerment finding and the EPA's assertion of authority under the Clean Air Act, the finding could result in EPA regulation of commercial aircraft emissions if the EPA finds, as expected, that such emissions contribute to greenhouse gas pollution.

The impact to us and our industry from any additional legislation or regulations addressing climate change is likely to be adverse and could be significant, particularly if regulators were to conclude that emissions from commercial aircraft cause significant harm to the upper atmosphere or have a greater impact on climate change than other industries. Potential actions may include the imposition of requirements on airlines or transportation fuel producers and importers to purchase emission offsets or credits, which could require participation in emissions allowance trading (such as required in the European Union) and increase the cost of carbon-based fuels (such as jet fuel), substantial taxes on emissions and growth restrictions on airline operations, among other potential regulatory actions.

Further, the ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate airport takeoff and landing slots or facilities are not made available. We cannot provide assurance that laws or regulations enacted in the future will not have a significant adverse effect on us.

Additional terrorist attacks or international hostilities may further adversely affect our financial condition, results of operations and liquidity. The terrorist attacks of September 11, 2001 involving commercial aircraft severely and adversely affected our financial condition, results of operations and liquidity and the airline industry generally. Airlines continue to be a target of terrorist attacks. Additional terrorist attacks, even if not made directly on the airline industry, or the fear of such attacks (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats such as the August 2006 terrorist plot targeting multiple airlines, including us), could negatively affect us and the airline industry. The potential negative effects include increased security, insurance and other costs for us and lost revenue from increased ticket refunds and decreased ticket sales. Our financial resources might not be sufficient to absorb the adverse effects of any further terrorist attacks or other international hostilities involving the United States.

***Additional security requirements may increase our costs and decrease our traffic***

Since September 11, 2001, the Department of Homeland Security (DHS) and the Transportation Security Administration (TSA) have implemented numerous security measures that affect airline operations and costs, and they are likely to implement additional measures in the future. Most recently, DHS has begun to implement the US-VISIT program (a program of fingerprinting and photographing foreign visa holders), announced that it will implement greater use of passenger data for evaluating security measures to be taken with respect to individual passengers, expanded the use of federal air marshals on our flights (who do not pay for their seats and thus displace revenue passengers and cause increased customer complaints from displaced passengers), begun investigating a requirement to

install aircraft security systems (such as devices on commercial aircraft as countermeasures against portable surface to air missiles) and expanded cargo and baggage screening. DHS also has required certain flights to be cancelled on short notice for security reasons, and has required certain airports to remain at higher security levels than other locations. In addition, foreign governments also have begun to institute additional security measures at

S-25

---

## **Table of Contents**

foreign airports we serve, out of their own security concerns or in response to security measures imposed by the United States.

Moreover, the TSA has imposed measures affecting the contents of baggage that may be carried on an aircraft. The TSA and other security regulators could impose other measures as necessary to respond to security threats that may arise in the future.

A large portion of the costs of these security measures is borne by the airlines and their passengers, and we believe that these and other security measures have the effect of decreasing the demand for air travel and the overall attractiveness of air transportation as compared to other modes of transportation. Additional security measures required by the U.S. and foreign governments in the future, such as further expanded cargo screening, might increase our costs or decrease the demand for air travel, adversely affecting our financial results.

### ***The airline industry is heavily taxed***

The airline industry is subject to extensive government fees and taxation that negatively impact our revenue. The U.S. airline industry is one of the most heavily taxed of all industries. These fees and taxes have grown significantly in the past decade for domestic flights, and various U.S. fees and taxes also are assessed on international flights. In addition, the governments of foreign countries in which we operate impose on U.S. airlines, including us, various fees and taxes, and these assessments have been increasing in number and amount in recent years. Certain of these fees and taxes must be included in the fares we advertise or quote to our customers. Due to the competitive revenue environment, many increases in these fees and taxes have been absorbed by the airline industry rather than being passed on to the passenger. Further increases in fees and taxes may reduce demand for air travel and thus our revenues.

### ***Airlines may continue to participate in industry consolidation or alliances, which could have a material adverse effect on us***

We are facing stronger competition from carriers that have participated in industry consolidation and from expanded airline alliances and joint ventures.

Since its deregulation in 1978, the U.S. airline industry has undergone substantial consolidation. Through consolidation, carriers have the opportunity to significantly expand the reach of their networks, which is of primary importance to business travelers, and to achieve cost reductions by eliminating redundancy in their networks and their management structures. The merger of Delta Air Lines, Inc. ( Delta ) and Northwest Airlines, Inc. ( Northwest ) in 2008 changed the competitive environment for us and the airline industry. The current state of the airline industry led us to conclude that it was in the best interests of Continental to merge with United.

Through participation in airline alliances and/or joint ventures, carriers granted anti-trust immunity by the appropriate regulatory authorities are able to coordinate their routes, pool their revenues and costs and enjoy other mutual benefits, such as frequent flyer program reciprocity, achieving many of the benefits of consolidation. For example, in 2009, Air France-KLM, Delta and Northwest launched a new trans-Atlantic joint venture among those airlines that involves coordination of routes, fares, schedules and other matters among those airlines, Alitalia and CSA Czech Airlines. American Airlines, British Airways and Iberia have received tentative approval by the U.S. Department of Transportation (the DOT ) of their application for anti-trust immunity for a similar trans-Atlantic joint venture, which would also involve many of the same benefits. In early 2010, Delta unsuccessfully attempted to induce Japan Airlines to leave its current alliance and join Delta's alliance.



There may be additional consolidation or changes in airline alliances and/or joint ventures in the future, any of which could result in one or more airlines or alliances with more extensive route networks and/or lower costs structures than currently exist, changing the competitive landscape for the airline industry and having a material adverse effect on us.

***Insurance costs could increase materially or key coverage could become unavailable***

The September 11, 2001 terrorist attacks led to a significant increase in insurance premiums and a decrease in the insurance coverage available to commercial airlines. Furthermore, our ability to continue to obtain certain types of

S-26

---

## **Table of Contents**

insurance remains uncertain. Since the terrorist attacks, the U.S. government has provided war risk (terrorism) insurance to U.S. commercial airlines to cover losses. War risk insurance in amounts necessary for our operations, and at premiums that are not excessive, is not currently available in the commercial insurance market. If the government discontinues this coverage in whole or in part, we may be able to obtain comparable coverage in the commercial insurance market only, if it is available at all, for substantially higher premiums and on more restrictive terms. If we are unable to obtain adequate war risk insurance, our business could be materially and adversely affected.

### ***Public health threats affecting travel behavior could have a material adverse effect on the industry***

Public health threats, such as the H1N1 flu virus, the bird flu, Severe Acute Respiratory Syndrome (SARS) and other highly communicable diseases, outbreaks of which have occurred in various parts of the world in which we operate, could adversely impact our operations and the worldwide demand for air travel. Travel restrictions or operational problems, such as quarantining of personnel or inability to access our facilities or aircraft in any part of the world in which we operate, or any reduction in the demand for air travel caused by public health threats in the future, may materially adversely affect our operations and financial results.

### ***Our results of operations fluctuate due to seasonality and other factors affecting the airline industry***

Due to greater demand for air travel during the summer months, revenue in the airline industry in the second and third quarters of the year is generally stronger than revenue in the first and fourth quarters of the year for most U.S. air carriers. Our results of operations are also impacted by numerous other factors that are not necessarily seasonal, including excise and similar taxes, weather and air traffic control delays, as well as geological events and natural disasters. For example, in April 2010, the volcanic ash from an eruption in Iceland necessitated the closing of a significant portion of the airspace over Europe, denying us access to most of Europe's largest airports for several days. We estimate that our revenue for the second quarter of 2010 was reduced by approximately \$25 million due to our cancellation of hundreds of flights. As a consequence of these factors, many of which are unpredictable, our operating results for a quarterly period are not necessarily indicative of operating results for an entire year, and historical operating results are not necessarily indicative of future operating results.

## **Risk Factors Relating to the Certificates and the Offering**

### ***The Equipment Notes will not be obligations of UAL or United***

The Equipment Notes to be held for the Trusts will be the obligations of Continental. None of UAL, United or any of their respective subsidiaries (other than Continental) is required to become an obligor with respect to, or a guarantor of, the Equipment Notes. You should not expect UAL, United or any of their respective subsidiaries (other than Continental) to participate in making payments in respect of the Equipment Notes. Although Continental expects that it and United will be combined as a single legal entity, no assurance can be given that this will occur prior to the final maturity of the Equipment Notes. See Risk Factors Relating to the Merger .

### ***The Appraisals are only estimates of Aircraft value***

Three independent appraisal and consulting firms have prepared appraisals of the Aircraft. Letters summarizing such appraisals are annexed to this Prospectus Supplement as Appendix II. Such appraisals are based on varying assumptions and methodologies, which differ among the appraisers, and were prepared without physical inspection of the Aircraft. Appraisals that are based on other assumptions and methodologies may result in valuations that are materially different from those contained in such appraisals. See Description of the Aircraft and the Appraisals The Appraisals .

An appraisal is only an estimate of value. It does not indicate the price at which an Aircraft may be purchased from the Aircraft manufacturer. Nor should an appraisal be relied upon as a measure of realizable value. The proceeds realized upon a sale of any Aircraft may be less than its appraised value. In particular, the appraisals of the new Aircraft are estimates of values as of future delivery dates. The value of an Aircraft if remedies are exercised under the applicable Indenture will depend on market and economic conditions, the supply of similar aircraft, the availability of buyers, the condition of the Aircraft and other factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise of remedies would be sufficient to satisfy in full payments due on the Certificates.

S-27

---

**Table of Contents**

***Certain Certificateholders may not participate in controlling the exercise of remedies in a default scenario***

If an Indenture Default is continuing, subject to certain conditions, the Loan Trustee under such Indenture will be directed by the Controlling Party in exercising remedies under such Indenture, including accelerating the applicable Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes. See Description of the Certificates Indenture Defaults and Certain Rights Upon an Indenture Default .

The Controlling Party will be:

The Class A Trustee.

Upon payment of final distributions to the holders of Class A Certificates, the Class B Trustee.

Under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the largest amount owed to it.

As a result of the foregoing, if the Trustee for a Class of Certificates is not the Controlling Party with respect to an Indenture, the Certificateholders of that Class will have no rights to participate in directing the exercise of remedies under such Indenture.

***The exercise of remedies over Equipment Notes may result in shortfalls without further recourse***

During the continuation of any Indenture Default under an Indenture, the Equipment Notes issued under such Indenture may be sold in the exercise of remedies with respect to that Indenture, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies . The market for Equipment Notes during any Indenture Default may be very limited, and there can be no assurance as to the price at which they could be sold. If any Equipment Notes are sold for less than their outstanding principal amount, certain Certificateholders will receive a smaller amount of principal distributions under the relevant Indenture than anticipated and will not have any claim for the shortfall against Continental, any Liquidity Provider or any Trustee.

***Escrowed funds and cash collateral will not be entitled to the benefits of Section 1110, and cross-defaults may not be required to be cured under Section 1110***

Amounts deposited under the Escrow Agreements are not property of Continental and are not entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code. Any cash collateral held as a result of the cross-collateralization of the Equipment Notes also would not be entitled to the benefits of Section 1110 of the U.S. Bankruptcy Code. Any default arising under an Indenture solely by reason of the cross-default in such Indenture may not be of a type required to be cured under Section 1110 of the U.S. Bankruptcy Code.

***Escrowed funds may be returned if they are not used to buy Equipment Notes***

Under certain circumstances, all of the funds held in escrow as Deposits may not be used to purchase Equipment Notes by the deadline established for purposes of this Offering. See Description of the Deposit Agreements Unused Deposits . If any funds remain as Deposits with respect to any Trust after such deadline, they will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest but without any premium, to the Certificateholders of such Trust. See Description of the Deposit Agreements Unused Deposits .

***There may be a limited market for resale of Certificates***

Prior to this Offering, there has been no public market for the Certificates. Neither Continental nor any Trust intends to apply for listing of the Certificates on any securities exchange or otherwise. The Underwriters may assist in resales of the Certificates, but they are not required to do so. A secondary market for the Certificates may not develop. If a secondary market does develop, it might not continue or it might not be sufficiently liquid to allow you to resell any of your Certificates.

S-28

---

**Table of Contents**

**USE OF PROCEEDS**

The proceeds from the sale of the Certificates being offered hereby will be used to purchase Equipment Notes issued by Continental during the Delivery Period to generate cash for Continental's general corporate purposes from twelve Aircraft that it currently owns and to finance Continental's purchase of three new Boeing 737-824 Aircraft and three new Boeing 737-924ER Aircraft. Before the proceeds are used to buy Equipment Notes, such proceeds from the sale of the Certificates of each Trust will be deposited with the Depository on behalf of the applicable Escrow Agent for the benefit of the holders of such Certificates.

**THE COMPANY**

Continental Airlines, Inc. (Continental or the Company) is a major United States air carrier engaged in the business of transporting passengers, cargo and mail. Continental is the world's fifth largest airline as measured by the number of scheduled miles flown by revenue passengers in 2009. Including CMI and regional flights operated on Continental's behalf under capacity purchase agreements with other carriers, Continental operates more than 2,200 daily departures. As of September 30, 2010, Continental served 117 domestic and 125 international destinations and offered additional connecting service through alliances with domestic and foreign carriers. Continental directly served 30 trans-Atlantic destinations, 10 Canadian cities, 14 Caribbean destinations, seven South American cities, and four trans-Pacific destinations from the U.S. mainland as of September 30, 2010. In addition, Continental provides service to more destinations in Mexico and Central America than any other U.S. airline, serving 40 cities. Through its Guam hub, CMI provides extensive service in the western Pacific, including service to more Japanese cities than any other U.S. carrier. The Company's executive offices are located at 1600 Smith Street, Houston, Texas 77002. The Company's telephone number is (713) 324-2950 and its website is [www.continental.com](http://www.continental.com). Information contained on the Company's website is not part of, and is not incorporated in, this Prospectus Supplement.

On October 1, 2010, Continental became a wholly-owned subsidiary of UAL, as a result of the Merger. Continental expects that Continental and United will be combined as a single legal entity at some subsequent date. Until the operational integration of Continental and United is complete, Continental and United will continue to operate as separate airlines.

**Table of Contents**

**DESCRIPTION OF THE CERTIFICATES**

The following summary describes the material terms of the Certificates. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Basic Agreement, which was filed with the Securities and Exchange Commission (the Commission) as an exhibit to the Company's Current Report on Form 8-K dated September 25, 1997, and to all of the provisions of the Certificates, the Trust Supplements, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement and the trust supplements applicable to the Successor Trusts, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission. Except as otherwise indicated, the following summary relates to each of the Trusts and the Certificates issued by each Trust. The references to Sections in parentheses in the following summary are to the relevant Sections of the Basic Agreement unless otherwise indicated.

**General**

Each Pass Through Certificate (collectively, the Certificates) will represent a fractional undivided interest in one of the two Continental Airlines 2010-1 Pass Through Trusts (the Class A Trust and the Class B Trust and, collectively, the Trusts). (Section 2.01) The Trusts will be formed pursuant to a pass through trust agreement between Continental and Wilmington Trust Company, as trustee (the Trustee), dated as of September 25, 1997 (the Basic Agreement), and two separate supplements thereto (each, a Trust Supplement and, together with the Basic Agreement, collectively, the Pass Through Trust Agreements) relating to such Trusts between Continental and the Trustee, as trustee under the Class A Trust (the Class A Trustee) and trustee under the Class B Trust (the Class B Trustee). The Certificates to be issued by the Class A Trust and the Class B Trust are referred to herein as the Class A Certificates and the Class B Certificates.

Each Certificate will represent a fractional undivided interest in the Trust created by the Basic Agreement and the applicable Trust Supplement pursuant to which such Certificate is issued. The Trust Property of each Trust (the Trust Property) will consist of:

Subject to the Intercreditor Agreement, Equipment Notes acquired under the Note Purchase Agreement and issued on a recourse basis by Continental in a separate secured loan transaction in connection with the financing by Continental of each Aircraft during the Delivery Period. Equipment Notes held in each Trust will be registered in the name of the Subordination Agent on behalf of such Trust for purposes of giving effect to provisions of the Intercreditor Agreement.

The rights of such Trust to acquire Equipment Notes under the Note Purchase Agreement.

The rights of such Trust under the applicable Escrow Agreement to request the Escrow Agent to withdraw from the Depositary funds sufficient to enable such Trust to purchase Equipment Notes after the initial issuance date of the Certificates (the Issuance Date) during the Delivery Period.

The rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights).

All monies receivable under the Liquidity Facility for such Trust.

Funds from time to time deposited with the applicable Trustee in accounts relating to such Trust (such as interest and principal payments on the Equipment Notes held in such Trust).

The Certificates of each Trust will be issued in fully registered form only and will be subject to the provisions described below under Book-Entry; Delivery and Form . The Certificates will be issued only in minimum denominations of \$1,000 or integral multiples thereof, except that one Certificate of each Trust may be issued in a different denomination. (Section 3.01)

The Certificates represent interests in the respective Trusts, and all payments and distributions thereon will be made only from the Trust Property of the related Trust. (Section 3.09) The Certificates do not represent an interest in or obligation of Continental, any Trustee or any of the Loan Trustees or any affiliate of any of the foregoing.

S-30

---



## **Table of Contents**

Pursuant to the Escrow Agreement applicable to each Trust, the Certificateholders of such Trust as holders of the Escrow Receipts affixed to each Certificate are entitled to certain rights with respect to the Deposits relating to such Trust. Accordingly, any transfer of a Certificate will have the effect of transferring the corresponding rights with respect to the Deposits, and rights with respect to the Deposits may not be separately transferred by holders of the Certificates (the Certificateholders). Rights with respect to the Deposits and the Escrow Agreement relating to a Trust, except for the right to request withdrawals for the purchase of Equipment Notes, will not constitute Trust Property of such Trust.

## **Payments and Distributions**

Payments of interest on the Deposits with respect to each Trust and payments of principal, premium (if any) and interest on the Equipment Notes or with respect to other Trust Property held in each Trust will be distributed by the Paying Agent (in the case of the Deposits) or by the Trustee (in the case of Trust Property of such Trust) to Certificateholders of such Trust on the date receipt of such payment is confirmed, except in the case of certain types of Special Payments.

## ***Interest***

The Deposits held with respect to each Trust and the Equipment Notes held in each Trust will accrue interest at the applicable rate per annum for Certificates issued by such Trust set forth on the cover page of this Prospectus Supplement, payable on January 12 and July 12 of each year, commencing on July 12, 2011 (or, in the case of Equipment Notes issued on or after such date, commencing on January 12, 2012). Such interest payments will be distributed to Certificateholders of such Trust on each such date until the final Distribution Date for such Trust, subject in the case of payments on the Equipment Notes to the Intercreditor Agreement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of interest applicable to the Certificates issued by each of the Trusts will be supported by a separate Liquidity Facility to be provided by the Liquidity Provider for the benefit of the holders of such Certificates in an aggregate amount sufficient to pay interest thereon at the Stated Interest Rate for such Trust on up to three successive Regular Distribution Dates (without regard to any future payments of principal on such Certificates), except that no Liquidity Facility will cover interest payable by the Depository on the Deposits. The Liquidity Facility for any Class of Certificates does not provide for drawings or payments thereunder to pay for principal of or premium, if any, on the Certificates of such Class, any interest on the Certificates of such Class in excess of the Stated Interest Rate for such Certificates, or, notwithstanding the subordination provisions of the Intercreditor Agreement, principal of or interest or premium, if any, on the Certificates of any other Class. Therefore, only the holders of the Certificates to be issued by a particular Trust will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility for such Trust. See Description of the Liquidity Facilities .

## ***Principal***

Payments of principal of the Equipment Notes are scheduled to be received by the Trustees on January 12 and July 12 in certain years depending upon the terms of the Equipment Notes held in such Trust.

Scheduled payments of interest on the Deposits and of interest or principal on the Equipment Notes are herein referred to as Scheduled Payments , and January 12 and July 12 of each year, commencing on July 12, 2011, until the final expected Regular Distribution Date are herein referred to as Regular Distribution Dates . See Description of the Equipment Notes Principal and Interest Payments . The Final Maturity Date for the Class A Certificates is July 12, 2022 and for the Class B Certificates is July 12, 2020.

*Distributions*

The Paying Agent with respect to each Escrow Agreement will distribute on each Regular Distribution Date to the Certificateholders of the Trust to which such Escrow Agreement relates all Scheduled Payments received in respect of the related Deposits, the receipt of which is confirmed by such Paying Agent on such Regular Distribution Date. The Trustee of each Trust will distribute, subject to the Intercreditor Agreement, on each Regular Distribution Date to the Certificateholders of such Trust all Scheduled Payments received in respect of Equipment Notes held on

S-31

---

**Table of Contents**

behalf of such Trust, the receipt of which is confirmed by such Trustee on such Regular Distribution Date. Each Certificateholder of each Trust will be entitled to receive its proportionate share, based upon its fractional interest in such Trust, of any distribution in respect of Scheduled Payments of interest on the Deposits relating to such Trust and, subject to the Intercreditor Agreement, of principal or interest on Equipment Notes held on behalf of such Trust. Each such distribution of Scheduled Payments will be made by the applicable Paying Agent or Trustee to the Certificateholders of record of the relevant Trust on the record date applicable to such Scheduled Payment subject to certain exceptions. (Sections 4.01 and 4.02; Escrow Agreements, Section 2.03) If a Scheduled Payment is not received by the applicable Paying Agent or Trustee on a Regular Distribution Date but is received within five days thereafter, it will be distributed on the date received to such holders of record. If it is received after such five-day period, it will be treated as a Special Payment and distributed as described below.

Any payment in respect of, or any proceeds of, any Equipment Note, or Collateral under (and as defined in) any Indenture other than a Scheduled Payment (each, a Special Payment ) will be distributed on, in the case of an early redemption or a purchase of any Equipment Note, the date of such early redemption or purchase (which shall be a Business Day), and otherwise on the Business Day specified for distribution of such Special Payment pursuant to a notice delivered by each Trustee as soon as practicable after such Trustee has received funds for such Special Payment (each, a Special Distribution Date ). Any such distribution will be subject to the Intercreditor Agreement. Any unused Deposits to be distributed after the Delivery Period Termination Date or the occurrence of a Triggering Event, together with accrued and unpaid interest thereon (each, also a Special Payment ), will be distributed on a date 25 days after the Paying Agent has received notice of the event requiring such distribution (also, a Special Distribution Date ). However, if such date is within ten days before or after a Regular Distribution Date, such Special Payment shall be made on such Regular Distribution Date.

Triggering Event means (x) the occurrence of an Indenture Default under all Indentures resulting in a PTC Event of Default with respect to the most senior Class of Certificates then outstanding, (y) the acceleration of all of the outstanding Equipment Notes (provided that during the Delivery Period the aggregate principal amount thereof exceeds \$185 million) or (z) certain bankruptcy or insolvency events involving Continental.

Each Paying Agent, in the case of the Deposits, and each Trustee, in the case of Trust Property, will mail a notice to the Certificateholders of the applicable Trust stating the scheduled Special Distribution Date, the related record date, the amount of the Special Payment and the reason for the Special Payment. In the case of a redemption or purchase of the Equipment Notes held in the related Trust or any distribution of unused Deposits after the Delivery Period Termination Date or the occurrence of a Triggering Event, such notice will be mailed not less than 15 days prior to the date such Special Payment is scheduled to be distributed, and in the case of any other Special Payment, such notice will be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment. (Section 4.02(c); Trust Supplements, Section 3.03; Escrow Agreements, Sections 2.03 and 2.06) Each distribution of a Special Payment, other than a final distribution, on a Special Distribution Date for any Trust will be made by the Paying Agent or the Trustee, as applicable, to the Certificateholders of record of such Trust on the record date applicable to such Special Payment. (Section 4.02(b); Escrow Agreements, Section 2.03) See Indenture Defaults and Certain Rights Upon an Indenture Default and Description of the Equipment Notes Redemption .

Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more non-interest bearing accounts (the Certificate Account ) for the deposit of payments representing Scheduled Payments received by such Trustee. Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more accounts (the Special Payments Account ) for the deposit of payments representing Special Payments received by such Trustee, which shall be non-interest bearing except in certain circumstances where the Trustee may invest amounts in such account in certain permitted investments. Pursuant to the terms of each Pass Through Trust Agreement, the Trustee is required to deposit any Scheduled Payments relating to

the applicable Trust received by it in the Certificate Account of such Trust and to deposit any Special Payments so received by it in the Special Payments Account of such Trust. (Section 4.01;

S-32

---

**Table of Contents**

Trust Supplements, Section 3.02) All amounts so deposited will be distributed by the Trustee on a Regular Distribution Date or a Special Distribution Date, as appropriate. (Section 4.02; Trust Supplements, Section 3.03)

Each Escrow Agreement requires that the Paying Agent establish and maintain, for the benefit of the Receiptholders, one or more accounts (the Paying Agent Account ), which shall be non-interest bearing. Pursuant to the terms of the Escrow Agreements, the Paying Agent is required to deposit interest on Deposits relating to a Trust and any unused Deposits withdrawn by the Escrow Agent in the related Paying Agent Account. All amounts so deposited will be distributed by the Paying Agent on a Regular Distribution Date or Special Distribution Date, as appropriate.

The final distribution for each Trust will be made only upon presentation and surrender of the Certificates for such Trust at the office or agency of the Trustee specified in the notice given by the Trustee of such final distribution. The Trustee will mail such notice of the final distribution to the Certificateholders of such Trust, specifying the date set for such final distribution and the amount of such distribution. (Trust Supplements, Section 7.01) See Termination of the Trusts below. Distributions in respect of Certificates issued in global form will be made as described in Book-Entry; Delivery and Form below.

If any Distribution Date is a Saturday, Sunday or other day on which commercial banks are authorized or required to close in New York, New York, Houston, Texas or Wilmington, Delaware (any other day being a Business Day ), distributions scheduled to be made on such Regular Distribution Date or Special Distribution Date will be made on the next succeeding Business Day, without additional interest.

**Pool Factors**

The Pool Balance for each Trust or for the Certificates issued by any Trust indicates, as of any date, the original aggregate face amount of the Certificates of such Trust less the aggregate amount of all payments as of such date made in respect of the Certificates of such Trust or in respect of Deposits relating to such Trust other than payments made in respect of interest or premium or reimbursement of any costs or expenses incurred in connection therewith. The Pool Balance for each Trust or for the Certificates issued by any Trust as of any Distribution Date shall be computed after giving effect to any special distribution with respect to unused Deposits, if any, payment of principal of the Equipment Notes or payment with respect to other Trust Property held in such Trust and the distribution thereof to be made on that date. (Trust Supplements, Section 2.01)

The Pool Factor for each Trust as of any Distribution Date is the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the original aggregate face amount of the Certificates of such Trust. The Pool Factor for each Trust or for the Certificates issued by any Trust as of any Distribution Date shall be computed after giving effect to any special distribution with respect to unused Deposits, payment of principal of the Equipment Notes or payments with respect to other Trust Property held in such Trust and the distribution thereof to be made on that date. (Trust Supplements, Section 2.01) The Pool Factor for each Trust will be 1.0000000 on the date of issuance of the Certificates; thereafter, the Pool Factor for each Trust will decline as described herein to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's pro rata share of the Pool Balance of a Trust can be determined by multiplying the par value of the holder's Certificate of such Trust by the Pool Factor for such Trust as of the applicable Distribution Date. Notice of the Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of such Trust on each Distribution Date. (Trust Supplements, Section 3.01)

**Table of Contents**

The following table sets forth the expected aggregate principal amortization schedule for the Equipment Notes held in each Trust (the Assumed Amortization Schedule ) and resulting Pool Factors with respect to such Trust. The scheduled distribution of principal payments for any Trust would be affected if Equipment Notes with respect to any Aircraft are not acquired by such Trust, if any Equipment Notes held in such Trust are redeemed or purchased or if a default in payment on such Equipment Notes occurs. Accordingly, the aggregate principal amortization schedule applicable to a Trust and the resulting Pool Factors may differ from those set forth in the following table.

Date	Class A		Class B	
	Scheduled Principal Payments	Expected Pool Factor	Scheduled Principal Payments	Expected Pool Factor
At Issuance	\$ 0.00	1.0000000	\$ 0.00	1.0000000
July 12, 2011	0.00	1.0000000	0.00	1.0000000
January 12, 2012	6,985,301.48	0.9807387	2,611,179.23	0.9595116
July 12, 2012	9,572,257.43	0.9543440	4,620,184.76	0.8878719
January 12, 2013	11,297,909.91	0.9231910	4,643,068.95	0.8158774
July 12, 2013	11,277,263.72	0.8920950	4,603,851.66	0.7444910
January 12, 2014	11,456,906.28	0.8605036	4,646,256.55	0.6724471
July 12, 2014	11,142,863.98	0.8297781	4,579,212.13	0.6014428
January 12, 2015	11,058,566.76	0.7992851	4,592,710.08	0.5302291
July 12, 2015	11,320,995.17	0.7680684	3,274,649.38	0.4794531
January 12, 2016	12,002,776.61	0.7349719	4,667,396.69	0.4070814
July 12, 2016	15,256,629.85	0.6929031	3,321,009.98	0.3555864
January 12, 2017	15,309,813.96	0.6506876	4,457,549.80	0.2864686
July 12, 2017	14,486,720.91	0.6107418	3,246,334.59	0.2361316
January 12, 2018	12,254,861.48	0.5769501	4,776,194.23	0.1620728
July 12, 2018	13,678,955.90	0.5392316	3,245,450.81	0.1117495
January 12, 2019	36,017,833.23	0.4399156	7,206,951.16	0.0000000
July 12, 2019	5,872,178.91	0.4237236	0.00	0.0000000
January 12, 2020	5,835,334.02	0.4076331	0.00	0.0000000
July 12, 2020	6,071,298.51	0.3908921	0.00	0.0000000
January 12, 2021	141,760,531.89	0.0000000	0.00	0.0000000

The Pool Factor and Pool Balance of each Trust will be recomputed if there has been an early redemption, purchase, or default in the payment of principal or interest in respect of one or more of the Equipment Notes held in a Trust, as described in Indenture Defaults and Certain Rights Upon an Indenture Default and Description of the Equipment Notes Redemption , or a special distribution attributable to unused Deposits after the Delivery Period Termination Date or the occurrence of a Triggering Event, as described in Description of the Deposit Agreements . If the principal payments scheduled for a Regular Distribution Date prior to the Delivery Period Termination Date are changed, notice thereof will be mailed by the Trustee to the Certificateholders by no later than the 15th day prior to such Regular Distribution Date. In the event of (i) any other change in the scheduled repayments from the Assumed Amortization Schedule or (ii) any such redemption, purchase, default or special distribution, the Pool Factors and the Pool Balances of each Trust so affected will be recomputed after giving effect thereto and notice thereof will be mailed by the Trustee to the Certificateholders of such Trust promptly after the Delivery Period Termination Date in the case of clause (i) and promptly after the occurrence of any event described in clause (ii).



**Table of Contents**

**Reports to Certificateholders**

On each Distribution Date, the applicable Paying Agent and Trustee will include with each distribution by it of a Scheduled Payment or Special Payment to Certificateholders of the related Trust a statement setting forth the following information (per \$1,000 aggregate principal amount of Certificate for such Trust, except as to the amounts described in items (a) and (f) below):

- (a) The aggregate amount of funds distributed on such Distribution Date under the Pass Through Trust Agreement and under the Escrow Agreement, indicating the amount allocable to each source, including any portion thereof paid by the Liquidity Provider.
- (b) The amount of such distribution under the Pass Through Trust Agreement allocable to principal and the amount allocable to premium, if any.
- (c) The amount of such distribution under the Pass Through Trust Agreement allocable to interest.
- (d) The amount of such distribution under the Escrow Agreement allocable to interest.
- (e) The amount of such distribution under the Escrow Agreement allocable to unused Deposits, if any.
- (f) The Pool Balance and the Pool Factor for such Trust. (Trust Supplements, Section 3.01(a))

So long as the Certificates are registered in the name of DTC or its nominee, on the record date prior to each Distribution Date, the applicable Trustee will request that DTC post on its Internet bulletin board a securities position listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the Certificates on such record date. On each Distribution Date, the applicable Paying Agent and Trustee will mail to each such DTC Participant the statement described above and will make available additional copies as requested by such DTC Participant for forwarding to Certificate Owners. (Trust Supplements, Section 3.01(a))

In addition, after the end of each calendar year, the applicable Trustee and Paying Agent will furnish to each Certificateholder of each Trust at any time during the preceding calendar year a report containing the sum of the amounts determined pursuant to clauses (a), (b), (c), (d) and (e) above with respect to such Trust for such calendar year or, in the event such person was a Certificateholder of such Trust during only a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to such Trustee and which a Certificateholder of such Trust shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its U.S. federal income tax returns. (Trust Supplements, Section 3.01(b)) Such report and such other items shall be prepared on the basis of information supplied to the applicable Trustee by the DTC Participants and shall be delivered by such Trustee to such DTC Participants to be available for forwarding by such DTC Participants to Certificate Owners in the manner described above. (Trust Supplements, Section 3.01(b)) At such time, if any, as the Certificates are issued in the form of definitive certificates, the applicable Paying Agent and Trustee will prepare and deliver the information described above to each Certificateholder of record of each Trust as the name and period of ownership of such Certificateholder appears on the records of the registrar of the Certificates.

Each Trustee is required to provide promptly to Certificateholders of the related Trust all material non-confidential information received by such Trustee from Continental. (Trust Supplements, Section 3.01(e))

**Indenture Defaults and Certain Rights Upon an Indenture Default**



Upon the occurrence and continuation of an Indenture Default under an Indenture, the Controlling Party will direct the Loan Trustee under such Indenture in the exercise of remedies thereunder and may accelerate and sell all (but not less than all) of the Equipment Notes issued under such Indenture or sell the collateral under such Indenture to any person, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Limitation on Exercise of Remedies . The proceeds of any such sale will be distributed pursuant to the provisions of the Intercreditor Agreement. Any such proceeds so distributed to any Trustee upon any such sale shall be deposited in the applicable Special Payments Account and shall be distributed to the Certificateholders of the applicable Trust on a Special Distribution Date. (Sections 4.01 and 4.02) The market for Equipment Notes at the time of the existence of an Indenture Default may be very limited and there can be no assurance as to the price at

S-35

---

**Table of Contents**

which they could be sold. If any such Equipment Notes are sold for less than their outstanding principal amount, certain Certificateholders will receive a smaller amount of principal distributions under the relevant Indenture than anticipated and will not have any claim for the shortfall against Continental, any Liquidity Provider or any Trustee.

Any amount, other than Scheduled Payments received on a Regular Distribution Date or within five days thereafter, distributed to the Trustee of any Trust by the Subordination Agent on account of any Equipment Note or Collateral under (and as defined in) any Indenture held in such Trust following an Indenture Default will be deposited in the Special Payments Account for such Trust and will be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02; Trust Supplements, Section 3.02) Any funds representing payments received with respect to any defaulted Equipment Notes, or the proceeds from the sale of any Equipment Notes, held by the Trustee in the Special Payments Account for such Trust will, to the extent practicable, be invested and reinvested by such Trustee in certain permitted investments pending the distribution of such funds on a Special Distribution Date. (Section 4.04)

Each Pass Through Trust Agreement provides that the Trustee of the related Trust will, within 90 days after the occurrence of any default known to such Trustee, give to the Certificateholders of such Trust notice, transmitted by mail, of such uncured or unwaived default with respect to such Trust known to it, *provided* that, except in the case of default in a payment of principal, premium, if any, or interest on any of the Equipment Notes held in such Trust, the applicable Trustee will be protected in withholding such notice if it in good faith determines that the withholding of such notice is in the interests of such Certificateholders. (Section 7.02) The term *default* as used in this paragraph only with respect to any Trust means the occurrence of an Indenture Default under any Indenture pursuant to which Equipment Notes held by such Trust were issued, as described above, except that in determining whether any such Indenture Default has occurred, any grace period or notice in connection therewith will be disregarded.

Each Pass Through Trust Agreement contains a provision entitling the Trustee of the related Trust, subject to the duty of such Trustee during a default to act with the required standard of care, to be offered reasonable security or indemnity by the holders of the Certificates of such Trust before proceeding to exercise any right or power under such Pass Through Trust Agreement or the Intercreditor Agreement at the request of such Certificateholders. (Section 7.03(e))

Subject to certain qualifications set forth in each Pass Through Trust Agreement and to the Intercreditor Agreement, the Certificateholders of each Trust holding Certificates evidencing fractional undivided interests aggregating not less than a majority in interest in such Trust shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to such Trust or pursuant to the terms of the Intercreditor Agreement, or exercising any trust or power conferred on such Trustee under such Pass Through Trust Agreement or the Intercreditor Agreement, including any right of such Trustee as Controlling Party under the Intercreditor Agreement or as holder of the Equipment Notes. (Section 6.04)

In certain cases, the holders of the Certificates of a Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust may on behalf of the holders of all the Certificates of such Trust waive any past event of default under such Trust (*i.e.*, any Indenture Default under any Indenture pursuant to which Equipment Notes held by such Trust were issued) and its consequences or, if the Trustee of such Trust is the Controlling Party, may direct such Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default and its consequences, except (i) a default in the deposit of any Scheduled Payment or Special Payment or in the distribution thereof, (ii) a default in payment of the principal, premium, if any, or interest with respect to any of the Equipment Notes and (iii) a default in respect of any covenant or provision of the Pass Through Trust Agreement that cannot be modified or amended without the consent of each Certificateholder of such Trust affected thereby. (Section 6.05) Each Indenture will provide that, with certain exceptions, the holders of the majority in aggregate unpaid principal amount of the Equipment Notes issued thereunder may on behalf of all such holders waive any past default or Indenture

Default thereunder. (Indentures, Section 5.06) Notwithstanding such provisions of the Indentures, pursuant to the Intercreditor Agreement only the Controlling Party will be entitled to waive any such past default or Indenture Default. See Description of the Intercreditor Agreement Intercreditor Rights Controlling Party .

S-36

---

## **Table of Contents**

### **Purchase Rights of Certificateholders**

Upon the occurrence and during the continuation of a Certificate Buyout Event, with 15 days written notice to the Trustee and each Certificateholder of the same Class:

The Class B Certificateholders will have the right to purchase all but not less than all of the Class A Certificates on the third business day next following the expiry of such 15-day notice period.

If any Additional Junior Certificates are issued, the holders of Additional Junior Certificates will have the right to purchase all of the Class A and Class B Certificates and, if Refinancing Certificates are issued, holders of such Refinancing Certificates will have the same right to purchase Certificates as the Class that they refinanced.

See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates. In each case, the purchase price will be equal to the Pool Balance of the relevant Class or Classes of Certificates plus accrued and unpaid interest thereon to the date of purchase, without premium, but including any other amounts then due and payable to the Certificateholders of such Class or Classes. Such purchase right may be exercised by any Certificateholder of the Class or Classes entitled to such right. In each case, if prior to the end of the 15-day notice period, any other Certificateholder of the same Class notifies the purchasing Certificateholder that the other Certificateholder wants to participate in such purchase, then such other Certificateholder may join with the purchasing Certificateholder to purchase the Certificates pro rata based on the interest in the Trust held by each Certificateholder. If Continental or any of its affiliates is a Certificateholder or holder of Additional Junior Certificates, it will not have the purchase rights described above. (Trust Supplements, Section 4.01)

A Certificate Buyout Event means that a Continental Bankruptcy Event has occurred and is continuing and the following events have occurred: (A) (i) the 60-day period specified in Section 1110(a)(2)(A) of the U.S. Bankruptcy Code (the 60-Day Period ) has expired and (ii) Continental has not entered into one or more agreements under Section 1110(a)(2)(A) of the U.S. Bankruptcy Code to perform all of its obligations under all of the Indentures or, if it has entered into such agreements, has at any time thereafter failed to cure any default under any of the Indentures in accordance with Section 1110(a)(2)(B) of the Bankruptcy Code; or (B) if prior to the expiry of the 60-Day Period, Continental shall have abandoned any Aircraft.

### **PTC Event of Default**

A Pass Through Certificate Event of Default (a PTC Event of Default ) under each Pass Through Trust Agreement means the failure to pay:

The outstanding Pool Balance of the applicable Class of Certificates within ten Business Days of the Final Maturity Date for such Class.

Interest due on such Class of Certificates within ten Business Days of any Distribution Date (unless the Subordination Agent shall have made Interest Drawings, or withdrawals from the Cash Collateral Account for such Class of Certificates, with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Trustee entitled thereto). (Section 1.01)

Any failure to make expected principal distributions with respect to any Class of Certificates on any Regular Distribution Date (other than the Final Maturity Date) will not constitute a PTC Event of Default with respect to such

Certificates. A PTC Event of Default with respect to the most senior outstanding Class of Certificates resulting from an Indenture Default under all Indentures will constitute a Triggering Event.

**Merger, Consolidation and Transfer of Assets**

Continental will be prohibited from consolidating with or merging into any other corporation or transferring substantially all of its assets as an entirety to any other corporation unless:

The surviving successor or transferee corporation shall be validly existing under the laws of the United States or any state thereof or the District of Columbia.

S-37

---

## **Table of Contents**

The surviving successor or transferee corporation shall be a citizen of the United States (as defined in Title 49 of the United States Code relating to aviation (the Transportation Code )) holding an air carrier operating certificate issued pursuant to Chapter 447 of Title 49, United States Code, if, and so long as, such status is a condition of entitlement to the benefits of Section 1110 of the U.S. Bankruptcy Code.

The surviving successor or transferee corporation shall expressly assume all of the obligations of Continental contained in the Basic Agreement and any Trust Supplement, the Note Purchase Agreement, the Indentures, the Participation Agreements and any other operative documents.

Continental shall have delivered a certificate and an opinion or opinions of counsel indicating that such transaction, in effect, complies with such conditions.

In addition, after giving effect to such transaction, no Indenture Default shall have occurred and be continuing. (Section 5.02; Indentures, Section 4.07)

The Basic Agreement, the Trust Supplements, the Note Purchase Agreement, the Indentures and the Participation Agreements will not contain any covenants or provisions that may afford any Trustee or Certificateholder protection in the event of a highly leveraged transaction, including transactions effected by management or affiliates, which may or may not result in a change in control of Continental.

## **Modifications of the Pass Through Trust Agreements and Certain Other Agreements**

Each Pass Through Trust Agreement contains provisions permitting, at the request of Continental, the execution of amendments or supplements to such Pass Through Trust Agreement or, if applicable, to the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities, without the consent of the holders of any of the Certificates of the related Trust:

To evidence the succession of another corporation to Continental and the assumption by such corporation of Continental's obligations under such Pass Through Trust Agreement or the Note Purchase Agreement.

To add to the covenants of Continental for the benefit of holders of such Certificates or to surrender any right or power conferred upon Continental in such Pass Through Trust Agreement, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities.

To correct or supplement any provision of such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities which may be defective or inconsistent with any other provision in such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement or the Liquidity Facilities, as applicable, or to cure any ambiguity or to modify any other provision with respect to matters or questions arising under such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities, provided that such action shall not materially adversely affect the interests of the holders of such Certificates; to correct any mistake in such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement or the Liquidity Facilities; or, as provided in the Intercreditor Agreement, to give effect to or provide for a Replacement Facility.

To comply with any requirement of the Commission, any applicable law, rules or regulations of any exchange or quotation system on which the Certificates are listed, or any regulatory body.

To modify, eliminate or add to the provisions of such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities to such extent as shall be necessary to continue the qualification of such Pass Through Trust Agreement (including any supplemental agreement) under the Trust Indenture Act of 1939, as amended (the Trust Indenture Act ), or any similar federal statute enacted after the execution of such Pass Through Trust Agreement, and to add to such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities such other provisions as may be expressly permitted by the Trust Indenture Act.

S-38

---

**Table of Contents**

To evidence and provide for the acceptance of appointment under such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities by a successor Trustee and to add to or change any of the provisions of such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities as shall be necessary to provide for or facilitate the administration of the Trusts under the Basic Agreement by more than one Trustee.

To provide for the issuance of Additional Junior Certificates or Refinancing Certificates after the Delivery Period Termination Date, subject to certain terms and conditions. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates .

In each case, such modification or supplement may not adversely affect the status of the Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Code, for U.S. federal income tax purposes. (Section 9.01; Trust Supplements, Section 6.02)

Each Pass Through Trust Agreement also contains provisions permitting the execution, with the consent of the holders of the Certificates of the related Trust evidencing fractional undivided interests aggregating not less than a majority in interest of such Trust, of amendments or supplements adding any provisions to or changing or eliminating any of the provisions of such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities to the extent applicable to such Certificateholders or of modifying the rights and obligations of such Certificateholders under such Pass Through Trust Agreement, the Deposit Agreements, the Escrow Agreements, the Intercreditor Agreement, the Note Purchase Agreement or the Liquidity Facilities. No such amendment or supplement may, without the consent of the holder of each Certificate so affected thereby:

Reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee (or, with respect to the Deposits, the Receiptholders) of payments with respect to the Equipment Notes held in such Trust or distributions in respect of any Certificate related to such Trust (or, with respect to the Deposits, payments upon the Deposits), or change the date or place of any payment in respect of any Certificate, or make distributions payable in coin or currency other than that provided for in such Certificates, or impair the right of any Certificateholder of such Trust to institute suit for the enforcement of any such payment when due.

Permit the disposition of any Equipment Note held in such Trust, except as provided in such Pass Through Trust Agreement, or otherwise deprive such Certificateholder of the benefit of the ownership of the applicable Equipment Notes.

Alter the priority of distributions specified in the Intercreditor Agreement in a manner materially adverse to such Certificateholders.

Reduce the percentage of the aggregate fractional undivided interests of the Trust provided for in such Pass Through Trust Agreement, the consent of the holders of which is required for any such supplemental trust agreement or for any waiver provided for in such Pass Through Trust Agreement.

Modify any of the provisions relating to the rights of the Certificateholders in respect of the waiver of events of default or receipt of payment.

Adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Code for U.S. federal income tax purposes. (Section 9.02; Trust Supplements,



Section 6.03)

In the event that a Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders of the relevant Trust or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to any amendment, modification, waiver or supplement under any Indenture, any Participation Agreement, any Equipment Note or any other related document, such Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder of the relevant Trust as of the date of such

S-39

---

**Table of Contents**

notice, except in the case when consent of Certificateholders is not required under the applicable Pass Through Trust Agreement. Such Trustee shall request from the Certificateholders a direction as to:

Whether or not to take or refrain from taking (or direct the Subordination Agent to take or refrain from taking) any action which a holder of such Equipment Note or the Controlling Party has the option to direct.

Whether or not to give or execute (or direct the Subordination Agent to give or execute) any waivers, consents, amendments, modifications or supplements as a holder of such Equipment Note or as Controlling Party.

How to vote (or direct the Subordination Agent to vote) any Equipment Note if a vote has been called for with respect thereto.

Provided such a request for Certificateholder direction shall have been made, in directing any action or casting any vote or giving any consent as the holder of any Equipment Note (or in directing the Subordination Agent in any of the foregoing):

Other than as Controlling Party, such Trustee shall vote for or give consent to any such action with respect to such Equipment Note in the same proportion as that of (x) the aggregate face amount of all Certificates actually voted in favor of or for giving consent to such action by such direction of Certificateholders to (y) the aggregate face amount of all outstanding Certificates of the relevant Trust.

As the Controlling Party, such Trustee shall vote as directed in such Certificateholder direction by the Certificateholders evidencing fractional undivided interests aggregating not less than a majority in interest in the relevant Trust.

For purposes of the immediately preceding paragraph, a Certificate shall have been actually voted if the Certificateholder has delivered to the applicable Trustee an instrument evidencing such Certificateholder's consent to such direction prior to one Business Day before such Trustee directs such action or casts such vote or gives such consent. Notwithstanding the foregoing, but subject to certain rights of the Certificateholders under the relevant Pass Through Trust Agreement and subject to the Intercreditor Agreement, a Trustee may, in its own discretion and at its own direction, consent and notify the relevant Loan Trustee of such consent (or direct the Subordination Agent to consent and notify the relevant Loan Trustee of such consent) to any amendment, modification, waiver or supplement under the relevant Indenture, Participation Agreement, any relevant Equipment Note or any other related document, if an Indenture Default under any Indenture shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders. (Section 10.01)

In determining whether the Certificateholders of the requisite fractional undivided interests of Certificates of any Class have given any direction under a Pass Through Trust Agreement, Certificates owned by Continental or any of its affiliates will be disregarded and deemed not to be outstanding for purposes of any such determination. Notwithstanding the foregoing, (i) if any such person owns 100% of the Certificates of any Class, such Certificates shall not be so disregarded, and (ii) if any amount of Certificates of any Class so owned by any such person have been pledged in good faith, such Certificates shall not be disregarded if the pledgee establishes to the satisfaction of the applicable Trustee the pledgee's right so to act with respect to such Certificates and that the pledgee is not Continental or an affiliate of Continental.

**Obligation to Purchase Equipment Notes**

The Trustees will be obligated to purchase the Equipment Notes issued with respect to the Aircraft during the Delivery Period, subject to the terms and conditions of a note purchase agreement (the Note Purchase Agreement).

Under the Note Purchase Agreement, Continental agrees to enter into a secured debt financing with respect to each Aircraft. The Note Purchase Agreement provides for the relevant parties to enter into a participation agreement (each, a Participation Agreement ) and an indenture (each, an Indenture ) relating to the financing of each Aircraft in substantially the form attached to the Note Purchase Agreement.

The description of such financing agreements in this Prospectus Supplement is based on the forms of such agreements attached to the Note Purchase Agreement. However, the terms of the financing agreements actually

S-40

---

**Table of Contents**

entered into may differ from the forms of such agreements and, consequently, may differ from the description of such agreements contained in this Prospectus Supplement. See *Description of the Equipment Notes* . Although such changes are permitted, under the Note Purchase Agreement, the terms of such agreements must not vary the Required Terms. In addition, Continental is obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders. Continental must also obtain written confirmation from each Rating Agency that the use of financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. Further, under the Note Purchase Agreement, it is a condition precedent to the obligation of each Trustee to purchase the Equipment Notes related to the financing of an Aircraft that no Triggering Event shall have occurred and, in the case of certain currently-owned Aircraft, that certain maintenance shall have been performed on such Aircraft. See *Description of the Aircraft and the Appraisals* *Timing of Financing the Aircraft* . The Trustees will have no right or obligation to purchase Equipment Notes after the Delivery Period Termination Date.

The Required Terms , as defined in the Note Purchase Agreement, mandate that:

The initial principal amount and principal amortization schedule for each of the Equipment Notes issued with respect to each Aircraft shall be as set forth in the applicable table below for that Aircraft:

Date	<i>Boeing 737-824</i>			
	N27246			
	Equipment Note Ending Balance		Scheduled Payments of Principal	
	Series A Equipment Note	Series B Equipment Note	Series A Equipment Note	Series B Equipment Note
At Issuance	\$ 13,044,000.00	\$ 2,547,000.00	\$ 0.00	\$ 0.00
July 12, 2011	13,044,000.00	2,547,000.00	0.00	0.00
January 12, 2012	12,509,802.70	2,382,765.19	534,197.30	164,234.81
July 12, 2012	12,161,996.49	2,219,628.43	347,806.21	163,136.76
January 12, 2013	11,756,904.06	2,055,864.49	405,092.43	163,763.94
July 12, 2013	11,352,683.93	1,893,584.32	404,220.13	162,280.17
January 12, 2014	10,942,702.74	1,730,089.93	409,981.19	163,494.39
July 12, 2014	10,543,357.61	1,569,028.21	399,345.13	161,061.72
January 12, 2015	10,147,027.73	1,407,741.92	396,329.88	161,286.29
July 12, 2015	9,657,279.11	1,235,161.65	489,748.62	172,580.27
January 12, 2016	9,147,909.89	1,064,160.44	509,369.22	171,001.21
July 12, 2016	8,630,436.21	897,922.28	517,473.68	166,238.16
January 12, 2017	8,124,707.65	738,490.28	505,728.56	159,432.00
July 12, 2017	7,637,150.11	586,356.99	487,557.54	152,133.29
January 12, 2018	7,239,273.71	439,719.14	397,876.40	146,637.85
July 12, 2018	6,779,708.30	297,056.88	459,565.41	142,662.26
January 12, 2019	6,432,507.44	0.00	347,200.86	297,056.88
July 12, 2019	6,049,559.57	0.00	382,947.87	0.00
January 12, 2020	5,670,744.39	0.00	378,815.18	0.00
July 12, 2020	5,211,924.88	0.00	458,819.51	0.00
January 12, 2021	0.00	0.00	5,211,924.88	0.00



**Table of Contents**

Date	<b>N14249</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 13,501,000.00	\$ 2,637,000.00	\$ 0.00	\$ 0.00
July 12, 2011	13,501,000.00	2,637,000.00	0.00	0.00
January 12, 2012	12,948,205.91	2,466,268.65	552,794.09	170,731.35
July 12, 2012	12,588,210.90	2,297,414.81	359,995.01	168,853.84
January 12, 2013	12,168,922.10	2,127,911.79	419,288.80	169,503.02
July 12, 2013	11,750,536.17	1,959,944.55	418,385.93	167,967.24
January 12, 2014	11,326,187.28	1,790,720.54	424,348.89	169,224.01
July 12, 2014	10,912,847.19	1,624,014.44	413,340.09	166,706.10
January 12, 2015	10,502,628.02	1,457,075.91	410,219.17	166,938.53
July 12, 2015	9,995,716.27	1,278,447.61	506,911.75	178,628.30
January 12, 2016	9,468,496.33	1,101,453.71	527,219.94	176,993.90
July 12, 2016	8,932,887.89	929,389.76	535,608.44	172,063.95
January 12, 2017	8,409,436.19	764,370.50	523,451.70	165,019.26
July 12, 2017	7,904,792.31	606,905.74	504,643.88	157,464.76
January 12, 2018	7,492,972.42	455,129.00	411,819.89	151,776.74
July 12, 2018	7,017,301.64	307,467.17	475,670.78	147,661.83
January 12, 2019	6,657,933.20	0.00	359,368.44	307,467.17
July 12, 2019	6,261,565.01	0.00	396,368.19	0.00
January 12, 2020	5,869,474.34	0.00	392,090.67	0.00
July 12, 2020	5,394,575.60	0.00	474,898.74	0.00
January 12, 2021	0.00	0.00	5,394,575.60	0.00

Date	<b>N33264</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 15,906,000.00	\$ 3,107,000.00	\$ 0.00	\$ 0.00
July 12, 2011	15,906,000.00	3,107,000.00	0.00	0.00
January 12, 2012	15,299,906.91	2,914,201.48	606,093.09	192,798.52
July 12, 2012	14,897,980.09	2,718,959.85	401,926.82	195,241.63
January 12, 2013	14,425,543.01	2,522,514.55	472,437.08	196,445.30
July 12, 2013	13,953,696.92	2,327,423.35	471,846.09	195,091.20
January 12, 2014	13,474,242.41	2,130,337.61	479,454.51	197,085.74
July 12, 2014	13,007,326.90	1,935,708.10	466,915.51	194,629.51
January 12, 2015	12,543,561.22	1,740,223.58	463,765.68	195,484.52
July 12, 2015	12,076,320.71	1,544,555.98	467,240.51	195,667.60
January 12, 2016	11,580,515.19	1,347,141.19	495,805.52	197,414.79
July 12, 2016	11,069,476.61	1,151,683.35	511,038.58	195,457.84
January 12, 2017	10,469,199.72	951,591.44	600,276.89	200,091.91

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	9,890,465.22	759,359.62	578,734.50	192,231.82
January 12, 2018	9,426,497.40	572,572.81	463,967.82	186,786.81
July 12, 2018	8,880,813.31	389,118.02	545,684.09	183,454.79
January 12, 2019	8,481,173.24	0.00	399,640.07	389,118.02
July 12, 2019	8,033,748.27	0.00	447,424.97	0.00
January 12, 2020	7,590,731.23	0.00	443,017.04	0.00
July 12, 2020	7,146,725.87	0.00	444,005.36	0.00
January 12, 2021	0.00	0.00	7,146,725.87	0.00

S-42

---

**Table of Contents**

Date	<b>N76529</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A</b>	<b>Series B</b>	<b>Series A</b>	<b>Series B</b>
	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>
At Issuance	\$ 26,562,000.00	\$ 5,187,000.00	\$ 0.00	\$ 0.00
July 12, 2011	26,562,000.00	5,187,000.00	0.00	0.00
January 12, 2012	25,867,836.95	4,927,094.60	694,163.05	259,905.40
July 12, 2012	25,353,978.75	4,627,234.69	513,858.20	299,859.91
January 12, 2013	24,717,747.24	4,322,255.12	636,231.51	304,979.57
July 12, 2013	24,079,153.10	4,016,310.77	638,594.14	305,944.35
January 12, 2014	23,423,721.44	3,703,394.46	655,431.66	312,916.31
July 12, 2014	22,786,174.49	3,390,964.42	637,546.95	312,430.04
January 12, 2015	22,150,152.67	3,072,988.38	636,021.82	317,976.04
July 12, 2015	21,503,686.28	2,750,311.79	646,466.39	322,676.59
January 12, 2016	20,801,206.34	2,419,768.15	702,479.94	330,543.64
July 12, 2016	20,065,086.51	2,087,598.79	736,119.83	332,169.36
January 12, 2017	19,339,339.23	1,757,837.28	725,747.28	329,761.51
July 12, 2017	18,639,428.30	1,431,078.21	699,910.93	326,759.07
January 12, 2018	18,145,608.10	1,102,178.41	493,820.20	328,899.80
July 12, 2018	17,484,239.57	766,082.17	661,368.53	336,096.24
January 12, 2019	17,102,010.80	0.00	382,228.77	766,082.17
July 12, 2019	16,618,667.55	0.00	483,343.25	0.00
January 12, 2020	16,136,627.79	0.00	482,039.76	0.00
July 12, 2020	15,643,672.75	0.00	492,955.04	0.00
January 12, 2021	0.00	0.00	15,643,672.75	0.00

Date	<b>N77530</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A</b>	<b>Series B</b>	<b>Series A</b>	<b>Series B</b>
	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>
At Issuance	\$ 26,728,000.00	\$ 5,220,000.00	\$ 0.00	\$ 0.00
July 12, 2011	26,728,000.00	5,220,000.00	0.00	0.00
January 12, 2012	26,432,029.14	5,034,557.33	295,970.86	185,442.67
July 12, 2012	25,913,160.09	4,729,288.23	518,869.05	305,269.10
January 12, 2013	25,269,130.50	4,418,672.44	644,029.59	310,615.79
July 12, 2013	24,622,561.01	4,106,949.13	646,569.49	311,723.31
January 12, 2014	23,958,638.16	3,787,967.17	663,922.85	318,981.96
July 12, 2014	23,312,866.10	3,469,344.95	645,772.06	318,622.22
January 12, 2015	22,668,510.29	3,144,902.42	644,355.81	324,442.53
July 12, 2015	22,013,311.21	2,815,492.59	655,199.08	329,409.83
January 12, 2016	21,300,588.24	2,477,860.38	712,722.97	337,632.21
July 12, 2016	20,553,196.77	2,138,382.45	747,391.47	339,477.93
January 12, 2017	19,816,189.55	1,801,180.30	737,007.22	337,202.15



Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	19,105,414.01	1,466,855.17	710,775.54	334,325.13
January 12, 2018	18,605,708.37	1,130,125.26	499,705.64	336,729.91
July 12, 2018	17,934,035.73	785,790.25	671,672.64	344,335.01
January 12, 2019	17,548,547.68	0.00	385,488.05	785,790.25
July 12, 2019	17,059,229.55	0.00	489,318.13	0.00
January 12, 2020	16,571,128.59	0.00	488,100.96	0.00
July 12, 2020	16,071,685.82	0.00	499,442.77	0.00
January 12, 2021	0.00	0.00	16,071,685.82	0.00

S-43

---

**Table of Contents**

Date	<b>N87531</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 26,728,000.00	\$ 5,220,000.00	\$ 0.00	\$ 0.00
July 12, 2011	26,728,000.00	5,220,000.00	0.00	0.00
January 12, 2012	26,432,029.14	5,034,557.33	295,970.86	185,442.67
July 12, 2012	25,913,160.09	4,729,288.23	518,869.05	305,269.10
January 12, 2013	25,269,130.50	4,418,672.44	644,029.59	310,615.79
July 12, 2013	24,622,561.01	4,106,949.13	646,569.49	311,723.31
January 12, 2014	23,958,638.16	3,787,967.17	663,922.85	318,981.96
July 12, 2014	23,312,866.10	3,469,344.95	645,772.06	318,622.22
January 12, 2015	22,668,510.29	3,144,902.42	644,355.81	324,442.53
July 12, 2015	22,013,311.21	2,815,492.59	655,199.08	329,409.83
January 12, 2016	21,300,588.24	2,477,860.38	712,722.97	337,632.21
July 12, 2016	20,553,196.77	2,138,382.45	747,391.47	339,477.93
January 12, 2017	19,816,189.55	1,801,180.30	737,007.22	337,202.15
July 12, 2017	19,105,414.01	1,466,855.17	710,775.54	334,325.13
January 12, 2018	18,605,708.37	1,130,125.26	499,705.64	336,729.91
July 12, 2018	17,934,035.73	785,790.25	671,672.64	344,335.01
January 12, 2019	17,548,547.68	0.00	385,488.05	785,790.25
July 12, 2019	17,059,229.55	0.00	489,318.13	0.00
January 12, 2020	16,571,128.59	0.00	488,100.96	0.00
July 12, 2020	16,071,685.82	0.00	499,442.77	0.00
January 12, 2021	0.00	0.00	16,071,685.82	0.00

**Boeing 737-924**

Date	<b>N79402</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 15,140,000.00	\$ 2,957,000.00	\$ 0.00	\$ 0.00
July 12, 2011	15,140,000.00	2,957,000.00	0.00	0.00
January 12, 2012	14,563,132.93	2,773,866.78	576,867.07	183,133.22
July 12, 2012	14,180,561.08	2,588,027.10	382,571.85	185,839.68
January 12, 2013	13,730,874.41	2,401,041.71	449,686.67	186,985.39
July 12, 2013	13,281,750.29	2,215,345.22	449,124.12	185,696.49
January 12, 2014	12,825,384.13	2,027,750.23	456,366.16	187,594.99
July 12, 2014	12,380,953.15	1,842,493.20	444,430.98	185,257.03
January 12, 2015	11,939,520.32	1,656,422.32	441,432.83	186,070.88
July 12, 2015	11,494,779.98	1,470,177.19	444,740.34	186,245.13
January 12, 2016	11,022,850.21	1,282,268.99	471,929.77	187,908.20
July 12, 2016	10,536,420.92	1,096,223.51	486,429.29	186,045.48

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

January 12, 2017	9,965,050.64	905,767.12	571,370.28	190,456.39
July 12, 2017	9,414,185.36	722,792.32	550,865.28	182,974.80
January 12, 2018	8,972,560.13	545,000.31	441,625.23	177,792.01
July 12, 2018	8,453,153.70	370,379.86	519,406.43	174,620.45
January 12, 2019	8,072,758.48	0.00	380,395.22	370,379.86
July 12, 2019	7,646,879.46	0.00	425,879.02	0.00
January 12, 2020	7,225,196.11	0.00	421,683.35	0.00
July 12, 2020	6,802,572.03	0.00	422,624.08	0.00
January 12, 2021	0.00	0.00	6,802,572.03	0.00

S-44

---

**Table of Contents**

Date	N38403			
	Equipment Note Ending Balance		Scheduled Payments of Principal	
	Series A Equipment Note	Series B Equipment Note	Series A Equipment Note	Series B Equipment Note
At Issuance	\$ 14,828,000.00	\$ 2,896,000.00	\$ 0.00	\$ 0.00
July 12, 2011	14,828,000.00	2,896,000.00	0.00	0.00
January 12, 2012	14,263,051.39	2,716,709.70	564,948.61	179,290.30
July 12, 2012	13,888,362.64	2,534,699.35	374,688.75	182,010.35
January 12, 2013	13,447,942.02	2,351,566.90	440,420.62	183,132.45
July 12, 2013	13,008,072.36	2,169,696.79	439,869.66	181,870.11
January 12, 2014	12,561,109.88	1,985,967.29	446,962.48	183,729.50
July 12, 2014	12,125,836.65	1,804,527.59	435,273.23	181,439.70
January 12, 2015	11,693,499.79	1,622,290.81	432,336.86	182,236.78
July 12, 2015	11,257,923.58	1,439,883.36	435,576.21	182,407.45
January 12, 2016	10,795,718.18	1,255,847.12	462,205.40	184,036.24
July 12, 2016	10,319,312.04	1,073,635.21	476,406.14	182,211.91
January 12, 2017	9,759,715.17	887,103.28	559,596.87	186,531.93
July 12, 2017	9,220,200.78	707,898.77	539,514.39	179,204.51
January 12, 2018	8,787,675.48	533,770.27	432,525.30	174,128.50
July 12, 2018	8,278,971.71	362,747.98	508,703.77	171,022.29
January 12, 2019	7,906,414.75	0.00	372,556.96	362,747.98
July 12, 2019	7,489,311.21	0.00	417,103.54	0.00
January 12, 2020	7,076,316.89	0.00	412,994.32	0.00
July 12, 2020	6,662,401.21	0.00	413,915.68	0.00
January 12, 2021	0.00	0.00	6,662,401.21	0.00

Date	N72405			
	Equipment Note Ending Balance		Scheduled Payments of Principal	
	Series A Equipment Note	Series B Equipment Note	Series A Equipment Note	Series B Equipment Note
At Issuance	\$ 14,864,000.00	\$ 2,903,000.00	\$ 0.00	\$ 0.00
July 12, 2011	14,864,000.00	2,903,000.00	0.00	0.00
January 12, 2012	14,297,670.02	2,723,303.57	566,329.98	179,696.43
July 12, 2012	13,922,071.85	2,540,851.46	375,598.17	182,452.11
January 12, 2013	13,480,582.27	2,357,274.52	441,489.58	183,576.94
July 12, 2013	13,039,644.97	2,174,962.98	440,937.30	182,311.54
January 12, 2014	12,591,597.64	1,990,787.55	448,047.33	184,175.43
July 12, 2014	12,155,267.93	1,808,907.46	436,329.71	181,880.09
January 12, 2015	11,721,881.73	1,626,228.36	433,386.20	182,679.10
July 12, 2015	11,285,248.30	1,443,378.18	436,633.43	182,850.18
January 12, 2016	10,821,921.06	1,258,895.25	463,327.24	184,482.93
July 12, 2016	10,344,358.61	1,076,241.09	477,562.45	182,654.16
January 12, 2017	9,783,403.51	889,256.41	560,955.10	186,984.68

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	9,242,579.63	709,616.95	540,823.88	179,639.46
January 12, 2018	8,809,004.53	535,065.82	433,575.10	174,551.13
July 12, 2018	8,299,066.06	363,628.43	509,938.47	171,437.39
January 12, 2019	7,925,604.85	0.00	373,461.21	363,628.43
July 12, 2019	7,507,488.93	0.00	418,115.92	0.00
January 12, 2020	7,093,492.20	0.00	413,996.73	0.00
July 12, 2020	6,678,571.89	0.00	414,920.31	0.00
January 12, 2021	0.00	0.00	6,678,571.89	0.00

S-45

---

**Table of Contents**

Date	<b>N73406</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 14,659,000.00	\$ 2,863,000.00	\$ 0.00	\$ 0.00
July 12, 2011	14,659,000.00	2,863,000.00	0.00	0.00
January 12, 2012	14,112,908.04	2,688,111.62	546,091.96	174,888.38
July 12, 2012	13,748,756.27	2,509,220.45	364,151.77	178,891.17
January 12, 2013	13,319,438.81	2,329,096.26	429,317.46	180,124.19
July 12, 2013	12,890,532.74	2,150,091.63	428,906.07	179,004.63
January 12, 2014	12,454,450.40	1,969,103.96	436,082.34	180,987.67
July 12, 2014	12,029,802.35	1,790,236.08	424,648.05	178,867.88
January 12, 2015	11,607,908.55	1,610,416.36	421,893.80	179,819.72
July 12, 2015	11,182,627.66	1,430,253.04	425,280.89	180,163.32
January 12, 2016	10,730,690.80	1,248,282.59	451,936.86	181,970.45
July 12, 2016	10,264,388.93	1,067,920.94	466,301.87	180,361.65
January 12, 2017	9,806,647.38	891,369.15	457,741.55	176,551.79
July 12, 2017	9,277,750.05	712,317.23	528,897.33	179,051.92
January 12, 2018	8,856,144.68	537,929.14	421,605.37	174,388.09
July 12, 2018	8,357,400.55	366,184.38	498,744.13	171,744.76
January 12, 2019	7,995,792.83	0.00	361,607.72	366,184.38
July 12, 2019	7,588,964.69	0.00	406,828.14	0.00
January 12, 2020	7,186,020.77	0.00	402,943.92	0.00
July 12, 2020	6,781,825.77	0.00	404,195.00	0.00
January 12, 2021	0.00	0.00	6,781,825.77	0.00

**Boeing 737-924ER**

Date	<b>N38443</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 27,668,000.00	\$ 5,404,000.00	\$ 0.00	\$ 0.00
July 12, 2011	27,668,000.00	5,404,000.00	0.00	0.00
January 12, 2012	26,945,663.49	5,132,390.21	722,336.51	271,609.79
July 12, 2012	26,410,394.54	4,820,036.14	535,268.95	312,354.07
January 12, 2013	25,747,653.38	4,502,349.08	662,741.16	317,687.06
July 12, 2013	25,082,451.15	4,183,657.05	665,202.23	318,692.03
January 12, 2014	24,399,709.84	3,857,702.56	682,741.31	325,954.49
July 12, 2014	23,735,598.43	3,532,254.60	664,111.41	325,447.96
January 12, 2015	23,073,075.70	3,201,029.57	662,522.73	331,225.03
July 12, 2015	22,399,673.20	2,864,908.12	673,402.50	336,121.45
January 12, 2016	21,667,923.27	2,520,591.82	731,749.93	344,316.30
July 12, 2016	20,901,131.78	2,174,582.08	766,791.49	346,009.74

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

January 12, 2017	20,145,145.03	1,831,080.50	755,986.75	343,501.58
July 12, 2017	19,416,071.15	1,490,706.47	729,073.88	340,374.03
January 12, 2018	18,901,675.10	1,148,102.51	514,396.05	342,603.96
July 12, 2018	18,212,749.55	798,002.26	688,925.55	350,100.25
January 12, 2019	17,814,594.58	0.00	398,154.97	798,002.26
July 12, 2019	17,311,112.04	0.00	503,482.54	0.00
January 12, 2020	16,808,987.28	0.00	502,124.76	0.00
July 12, 2020	16,295,492.45	0.00	513,494.83	0.00
January 12, 2021	0.00	0.00	16,295,492.45	0.00

S-46

---

**Table of Contents**

Date	<b>N36444</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A</b>	<b>Series B</b>	<b>Series A</b>	<b>Series B</b>
	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>
At Issuance	\$ 27,668,000.00	\$ 5,404,000.00	\$ 0.00	\$ 0.00
July 12, 2011	27,668,000.00	5,404,000.00	0.00	0.00
January 12, 2012	26,945,663.49	5,132,390.21	722,336.51	271,609.79
July 12, 2012	26,410,394.54	4,820,036.14	535,268.95	312,354.07
January 12, 2013	25,747,653.38	4,502,349.08	662,741.16	317,687.06
July 12, 2013	25,082,451.15	4,183,657.05	665,202.23	318,692.03
January 12, 2014	24,399,709.84	3,857,702.56	682,741.31	325,954.49
July 12, 2014	23,735,598.43	3,532,254.60	664,111.41	325,447.96
January 12, 2015	23,073,075.70	3,201,029.57	662,522.73	331,225.03
July 12, 2015	22,399,673.20	2,864,908.12	673,402.50	336,121.45
January 12, 2016	21,667,923.27	2,520,591.82	731,749.93	344,316.30
July 12, 2016	20,901,131.78	2,174,582.08	766,791.49	346,009.74
January 12, 2017	20,145,145.03	1,831,080.50	755,986.75	343,501.58
July 12, 2017	19,416,071.15	1,490,706.47	729,073.88	340,374.03
January 12, 2018	18,901,675.10	1,148,102.51	514,396.05	342,603.96
July 12, 2018	18,212,749.55	798,002.26	688,925.55	350,100.25
January 12, 2019	17,814,594.58	0.00	398,154.97	798,002.26
July 12, 2019	17,311,112.04	0.00	503,482.54	0.00
January 12, 2020	16,808,987.28	0.00	502,124.76	0.00
July 12, 2020	16,295,492.45	0.00	513,494.83	0.00
January 12, 2021	0.00	0.00	16,295,492.45	0.00

Date	<b>N73445</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A</b>	<b>Series B</b>	<b>Series A</b>	<b>Series B</b>
	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>	<b>Equipment Note</b>
At Issuance	\$ 27,779,000.00	\$ 5,425,000.00	\$ 0.00	\$ 0.00
July 12, 2011	27,779,000.00	5,425,000.00	0.00	0.00
January 12, 2012	27,471,798.41	5,232,604.10	307,201.59	192,395.90
July 12, 2012	26,932,518.36	4,915,326.48	539,280.05	317,277.62
January 12, 2013	26,263,154.27	4,592,491.86	669,364.09	322,834.62
July 12, 2013	25,591,150.37	4,268,506.14	672,003.90	323,985.72
January 12, 2014	24,901,110.47	3,936,976.23	690,039.90	331,529.91
July 12, 2014	24,229,935.36	3,605,820.21	671,175.11	331,156.02
January 12, 2015	23,560,232.23	3,268,614.94	669,703.13	337,205.27
July 12, 2015	22,879,259.27	2,926,246.96	680,972.96	342,367.98
January 12, 2016	22,138,499.58	2,575,333.14	740,759.69	350,913.82
July 12, 2016	21,361,707.61	2,222,501.01	776,791.97	352,832.13
January 12, 2017	20,595,708.40	1,872,034.18	765,999.21	350,466.83



Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	19,856,972.74	1,524,557.54	738,735.66	347,476.64
January 12, 2018	19,337,609.94	1,174,581.53	519,362.80	349,976.01
July 12, 2018	18,639,515.40	816,701.25	698,094.54	357,880.28
January 12, 2019	18,238,863.22	0.00	400,652.18	816,701.25
July 12, 2019	17,730,296.55	0.00	508,566.67	0.00
January 12, 2020	17,222,994.94	0.00	507,301.61	0.00
July 12, 2020	16,703,905.35	0.00	519,089.59	0.00
January 12, 2021	0.00	0.00	16,703,905.35	0.00

S-47

---

**Table of Contents****Boeing 767-424ER****N66057**

<b>Date</b>	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 19,950,000.00	\$ 2,599,000.00	\$ 0.00	\$ 0.00
July 12, 2011	19,950,000.00	2,599,000.00	0.00	0.00
January 12, 2012	19,950,000.00	2,599,000.00	0.00	0.00
July 12, 2012	19,168,013.35	2,289,858.98	781,986.65	309,141.02
January 12, 2013	18,280,362.80	1,983,723.81	887,650.55	306,135.17
July 12, 2013	17,399,195.06	1,685,097.28	881,167.74	298,626.53
January 12, 2014	16,512,628.20	1,389,285.01	886,566.86	295,812.27
July 12, 2014	15,651,254.15	1,103,396.08	861,374.05	285,888.93
January 12, 2015	14,801,110.53	822,940.85	850,143.62	280,455.23
July 12, 2015	13,953,051.54	822,940.85	848,058.99	0.00
January 12, 2016	13,072,828.52	549,456.38	880,223.02	273,484.47
July 12, 2016	11,556,534.65	549,456.38	1,516,293.87	0.00
January 12, 2017	10,081,259.23	314,564.91	1,475,275.42	234,891.47
July 12, 2017	8,754,162.97	314,564.91	1,327,096.26	0.00
January 12, 2018	7,452,180.32	0.00	1,301,982.65	314,564.91
July 12, 2018	6,178,386.42	0.00	1,273,793.90	0.00
January 12, 2019	0.00	0.00	6,178,386.42	0.00

**N67058**

<b>Date</b>	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 19,285,000.00	\$ 2,515,000.00	\$ 0.00	\$ 0.00
July 12, 2011	19,285,000.00	2,515,000.00	0.00	0.00
January 12, 2012	19,285,000.00	2,515,000.00	0.00	0.00
July 12, 2012	18,528,663.50	2,215,001.07	756,336.50	299,998.93
January 12, 2013	17,670,474.70	1,918,873.79	858,188.80	296,127.28
July 12, 2013	16,818,556.64	1,630,009.67	851,918.06	288,864.12
January 12, 2014	15,961,415.84	1,343,867.81	857,140.80	286,141.86
July 12, 2014	15,128,644.11	1,067,324.88	832,771.73	276,542.93
January 12, 2015	14,306,735.55	796,038.04	821,908.56	271,286.84
July 12, 2015	13,486,843.27	796,038.04	819,892.28	0.00
January 12, 2016	12,635,838.28	531,494.07	851,004.99	264,543.97
July 12, 2016	11,224,993.45	531,494.07	1,410,844.83	0.00
January 12, 2017	9,851,487.49	304,281.45	1,373,505.96	227,212.62
July 12, 2017	8,620,153.12	304,281.45	1,231,334.37	0.00
January 12, 2018	7,411,335.27	0.00	1,208,817.85	304,281.45
July 12, 2018	6,227,791.09	0.00	1,183,544.18	0.00

January 12, 2019	0.00	0.00	6,227,791.09	0.00
------------------	------	------	--------------	------

S-48

---

**Table of Contents**

Date	<b>N69059</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 19,377,000.00	\$ 2,527,000.00	\$ 0.00	\$ 0.00
July 12, 2011	19,377,000.00	2,527,000.00	0.00	0.00
January 12, 2012	19,377,000.00	2,527,000.00	0.00	0.00
July 12, 2012	18,617,579.70	2,225,411.77	759,420.30	301,588.23
January 12, 2013	17,755,293.58	1,927,892.67	862,286.12	297,519.10
July 12, 2013	16,899,307.69	1,637,670.86	855,985.89	290,221.81
January 12, 2014	16,038,074.51	1,350,184.11	861,233.18	287,486.75
July 12, 2014	15,201,324.99	1,072,341.42	836,749.52	277,842.69
January 12, 2015	14,375,489.68	799,779.48	825,835.31	272,561.94
July 12, 2015	13,551,680.19	799,779.48	823,809.49	0.00
January 12, 2016	12,696,611.75	533,992.13	855,068.44	265,787.35
July 12, 2016	11,271,101.83	533,992.13	1,425,509.92	0.00
January 12, 2017	9,883,442.50	305,711.60	1,387,659.33	228,280.53
July 12, 2017	8,638,790.24	305,711.60	1,244,652.26	0.00
January 12, 2018	7,417,015.70	0.00	1,221,774.54	305,711.60
July 12, 2018	6,220,920.23	0.00	1,196,095.47	0.00
January 12, 2019	0.00	0.00	6,220,920.23	0.00

Date	<b>N78060</b>			
	<b>Equipment Note Ending Balance</b>		<b>Scheduled Payments of Principal</b>	
	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>	<b>Series A Equipment Note</b>	<b>Series B Equipment Note</b>
At Issuance	\$ 19,448,000.00	\$ 2,535,000.00	\$ 0.00	\$ 0.00
July 12, 2011	19,448,000.00	2,535,000.00	0.00	0.00
January 12, 2012	19,448,000.00	2,535,000.00	0.00	0.00
July 12, 2012	18,685,325.39	2,233,343.73	762,674.61	301,656.27
January 12, 2013	17,819,917.48	1,934,764.20	865,407.91	298,579.53
July 12, 2013	16,960,832.29	1,643,507.96	859,085.19	291,256.24
January 12, 2014	16,096,481.12	1,354,996.53	864,351.17	288,511.43
July 12, 2014	15,256,700.88	1,076,163.53	839,780.24	278,833.00
January 12, 2015	14,427,873.79	802,630.11	828,827.09	273,533.42
July 12, 2015	13,601,079.74	802,630.11	826,794.05	0.00
January 12, 2016	12,742,915.35	535,895.43	858,164.39	266,734.68
July 12, 2016	11,306,232.02	535,895.43	1,436,683.33	0.00
January 12, 2017	9,907,789.17	306,801.24	1,398,442.85	229,094.19
July 12, 2017	8,652,989.96	306,801.24	1,254,799.21	0.00
January 12, 2018	7,421,343.66	0.00	1,231,646.30	306,801.24
July 12, 2018	6,215,685.30	0.00	1,205,658.36	0.00
January 12, 2019	0.00	0.00	6,215,685.30	0.00



**Table of Contents**

Date	N68061			
	Equipment Note Ending Balance		Scheduled Payments of Principal	
	Series A Equipment Note	Series B Equipment Note	Series A Equipment Note	Series B Equipment Note
At Issuance	\$ 19,524,000.00	\$ 2,546,000.00	\$ 0.00	\$ 0.00
July 12, 2011	19,524,000.00	2,546,000.00	0.00	0.00
January 12, 2012	19,524,000.00	2,546,000.00	0.00	0.00
July 12, 2012	18,780,313.46	2,247,009.10	743,686.54	298,990.90
January 12, 2013	17,932,806.67	1,950,252.35	847,506.79	296,756.75
July 12, 2013	17,091,130.61	1,660,351.52	841,676.06	289,900.83
January 12, 2014	16,243,559.12	1,372,658.13	847,571.49	287,693.39
July 12, 2014	15,420,142.38	1,094,122.00	823,416.74	278,536.13
January 12, 2015	14,607,136.65	820,281.60	813,005.73	273,840.40
July 12, 2015	13,795,470.55	820,281.60	811,666.10	0.00
January 12, 2016	12,951,134.16	552,597.58	844,336.39	267,684.02
July 12, 2016	11,495,934.43	552,597.58	1,455,199.73	0.00
January 12, 2017	10,077,859.41	321,230.35	1,418,075.02	231,367.23
July 12, 2017	8,698,402.83	321,230.35	1,379,456.58	0.00
January 12, 2018	7,452,144.18	0.00	1,246,258.65	321,230.35
July 12, 2018	6,230,652.72	0.00	1,221,491.46	0.00
January 12, 2019	0.00	0.00	6,230,652.72	0.00

The interest rate applicable to each Series of Equipment Notes must be equal to the rate applicable to the Certificates issued by the corresponding Trust.

The payment dates for the Equipment Notes must be January 12 and July 12 (excluding January 12, 2011).

The amounts payable under the all-risk aircraft hull insurance maintained with respect to each Aircraft must be sufficient to pay the unpaid principal amount of the related Equipment Notes together with six months of interest accrued thereon, subject to certain rights of self-insurance.

(a) The past due rate in the Indentures, (b) the Make-Whole Premium payable under the Indentures, (c) the provisions relating to the redemption of Equipment Notes in the Indentures and (d) the indemnification of the Loan Trustees, Subordination Agent, Liquidity Providers, Trustees, Escrow Agents and registered holders of the Equipment Notes (in such capacity, the Note Holders) with respect to certain taxes and expenses, in each case shall be provided as set forth in the form of Participation Agreement attached as an exhibit to the Note Purchase Agreement.

In the case of the Indentures, modifications are prohibited (i) to the Granting Clause of the Indentures so as to deprive the Note Holders under all the Indentures of a first priority security interest in the Aircraft and certain of Continental's rights under warranties with respect to the Aircraft or to eliminate the obligations intended to be secured thereby, (ii) to certain provisions relating to the issuance, redemption, payments, and ranking of the Equipment Notes (including the obligation to pay the Make-Whole Premium in certain circumstances), (iii) to certain provisions regarding Indenture Defaults (including cross-defaults among Indentures) and remedies relating thereto, (iv) to certain provisions relating to any replaced airframe or engines with respect to an Aircraft and (v) to the provision that New York law will govern the Indentures.

In the case of the Participation Agreements, modifications are prohibited (i) to certain conditions to the obligations of the Trustees to purchase the Equipment Notes issued with respect to an Aircraft involving good title to such Aircraft, the release of any recorded liens on the Aircraft, obtaining a certificate of airworthiness with respect to such Aircraft, entitlement to the benefits of Section 1110 with respect to such Aircraft and filings of certain documents with the FAA and the registration of certain interests with the International Registry under the Cape Town Convention on International Interests in Mobile Equipment and the related Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the Cape Town Treaty ), (ii) to the provisions restricting the Note Holder's ability to transfer such Equipment Notes, (iii) to certain provisions requiring the delivery of legal opinions and (iv) to the provision that New York law will govern the Participation Agreement.

S-50

---

## **Table of Contents**

In the case of all of the Participation Agreements and Indentures, modifications are prohibited in any material adverse respect as regards the interest of the Note Holders, the Subordination Agent, the Liquidity Provider or the Loan Trustee in the definition of *Make-Whole Premium* .

Notwithstanding the foregoing, any such forms of financing agreements may be modified to correct or supplement any such provision which may be defective or to cure any ambiguity or correct any mistake, provided that any such action shall not materially adversely affect the interests of the Note Holders, the Subordination Agent, the Liquidity Provider, the Loan Trustee or the Certificateholders.

## **Liquidation of Original Trusts**

On the earlier of (i) the first Business Day after July 31, 2011 and (ii) the fifth Business Day after the occurrence of a Triggering Event (such Business Day, the *Transfer Date* ), each of the Trusts established on the Issuance Date (the *Original Trusts* ) will transfer and assign all of its assets and rights to a newly created successor trust (each a *Successor Trust* ) with substantially identical terms, except that (i) the Successor Trusts will not have the right to purchase new Equipment Notes and (ii) Delaware law will govern the Original Trusts and New York law will govern the Successor Trusts. The institution acting as Trustee of each of the Original Trusts (each, an *Original Trustee* ) will also act as Trustee of the corresponding Successor Trust (each, a *New Trustee* ). Each New Trustee will assume the obligations of the related Original Trustee under each transaction document to which such Original Trustee was a party. Upon the effectiveness of such transfer, assignment and assumption, each of the Original Trusts will be liquidated and each of the Certificates will represent the same percentage interest in the Successor Trust as it represented in the Original Trust immediately prior to such transfer, assignment and assumption. Unless the context otherwise requires, all references in this Prospectus Supplement to the Trusts, the applicable Trustees, the Pass Through Trust Agreements and similar terms shall apply to the Original Trusts until the effectiveness of such transfer, assignment and assumption, and thereafter shall be applicable with respect to the Successor Trusts. If for any reason such transfer, assignment and assumption cannot be effected to any Successor Trust, the related Original Trust will continue in existence until it is effected. The Original Trusts may be treated as partnerships for U.S. federal income tax purposes. The Successor Trusts will, in the opinion of Tax Counsel, be treated as grantor trusts. See *Certain U.S. Federal Income Tax Consequences* .

## **Termination of the Trusts**

The obligations of Continental and the applicable Trustee with respect to a Trust will terminate upon the distribution to Certificateholders of such Trust of all amounts required to be distributed to them pursuant to the applicable Pass Through Trust Agreement and the disposition of all property held in such Trust. The applicable Trustee will send to each Certificateholder of such Trust notice of the termination of such Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Trust. The final distribution to any Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Certificates at the office or agency of the applicable Trustee specified in such notice of termination. (Trust Supplements, Section 7.01)

## **The Trustees**

The Trustee for each Trust will be Wilmington Trust Company. The Trustee's address is Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration.

## **Book-Entry; Delivery and Form**

### *General*



Upon issuance, each Class of Certificates will be represented by one or more fully registered global certificates. Each global certificate will be deposited with, or on behalf of, The Depository Trust Company ( DTC ) and registered in the name of Cede & Co. ( Cede ), the nominee of DTC. DTC was created to hold securities for its participants ( DTC Participants ) and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of the DTC

S-51

---

**Table of Contents**

Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly ( Indirect DTC Participants ). Interests in a global certificate may also be held through the Euroclear System and Clearstream, Luxembourg.

So long as such book-entry procedures are applicable, no person acquiring an interest in such Certificates ( Certificate Owner ) will be entitled to receive a certificate representing such person's interest in such Certificates. Unless and until definitive Certificates are issued under the limited circumstances described below under Physical Certificates , all references to actions by Certificateholders shall refer to actions taken by DTC upon instructions from DTC Participants, and all references herein to distributions, notices, reports and statements to Certificateholders shall refer, as the case may be, to distributions, notices, reports and statements to DTC or Cede, as the registered holder of such Certificates, or to DTC Participants for distribution to Certificate Owners in accordance with DTC procedures.

DTC is a limited purpose trust company organized under the laws of the State of New York, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and clearing agency registered pursuant to Section 17A of the Securities Exchange Act of 1934.

Under the New York Uniform Commercial Code, a clearing corporation is defined as:

a person that is registered as a clearing agency under the federal securities laws;

a federal reserve bank; or

any other person that provides clearance or settlement services with respect to financial assets that would require it to register as a clearing agency under the federal securities laws but for an exclusion or exemption from the registration requirement, if its activities as a clearing corporation, including promulgation of rules, are subject to regulation by a federal or state governmental authority.

A clearing agency is an organization established for the execution of trades by transferring funds, assigning deliveries and guaranteeing the performance of the obligations of parties to trades.

Under the rules, regulations and procedures creating and affecting DTC and its operations, DTC is required to make book-entry transfers of the Certificates among DTC Participants on whose behalf it acts with respect to the Certificates and to receive and transmit distributions of principal, premium, if any, and interest with respect to the Certificates. DTC Participants and Indirect DTC Participants with which Certificate Owners have accounts similarly are required to make book-entry transfers and receive and transmit the payments on behalf of their respective customers. Certificate Owners that are not DTC Participants or Indirect DTC Participants but desire to purchase, sell or otherwise transfer ownership of, or other interests in, the Certificates may do so only through DTC Participants and Indirect DTC Participants. In addition, Certificate Owners will receive all distributions of principal, premium, if any, and interest from the Trustees through DTC Participants or Indirect DTC Participants, as the case may be.

Under a book-entry format, Certificate Owners may experience some delay in their receipt of payments, because payments with respect to the Certificates will be forwarded by the Trustees to Cede, as nominee for DTC. DTC will forward payments in same-day funds to each DTC Participant who is credited with ownership of the Certificates in an amount proportionate to the principal amount of that DTC Participant's holdings of beneficial interests in the Certificates, as shown on the records of DTC or its nominee. Each such DTC Participant will forward payments to its Indirect DTC Participants in accordance with standing instructions and customary industry practices. DTC Participants and Indirect DTC Participants will be responsible for forwarding distributions to Certificate Owners for

whom they act. Accordingly, although Certificate Owners will not possess physical Certificates, DTC's rules provide a mechanism by which Certificate Owners will receive payments on the Certificates and will be able to transfer their interests.

Unless and until physical Certificates are issued under the limited circumstances described under Physical Certificates below, the only physical Certificateholder will be Cede, as nominee of DTC. Certificate Owners will

S-52

---

**Table of Contents**

not be recognized by the Trustees as registered owners of Certificates under the applicable Pass Through Trust Agreement. Certificate Owners will be permitted to exercise their rights under the applicable Pass Through Trust Agreement only indirectly through DTC. DTC will take any action permitted to be taken by a Certificateholder under the applicable Pass Through Trust Agreement only at the direction of one or more DTC Participants to whose accounts with DTC the Certificates are credited. In the event any action requires approval by Certificateholders of a certain percentage of the beneficial interests in a Trust, DTC will take action only at the direction of and on behalf of DTC Participants whose holdings include undivided interests that satisfy the required percentage. DTC may take conflicting actions with respect to other undivided interests to the extent that the actions are taken on behalf of DTC Participants whose holdings include those undivided interests. DTC will convey notices and other communications to DTC Participants, and DTC Participants will convey notices and other communications to Indirect DTC Participants in accordance with arrangements among them. Arrangements among DTC and its direct and indirect participants are subject to any statutory or regulatory requirements as may be in effect from time to time. DTC's rules applicable to itself and DTC Participants are on file with the Commission.

A Certificate Owner's ability to pledge its Certificates to persons or entities that do not participate in the DTC system, or otherwise to act with respect to its Certificates, may be limited due to the lack of a physical Certificate to evidence ownership of the Certificates, and because DTC can only act on behalf of DTC Participants, who in turn act on behalf of Indirect DTC Participants.

Neither Continental nor the Trustees will have any liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Certificates held by Cede, as nominee for DTC, for maintaining, supervising or reviewing any records relating to the beneficial ownership interests or for the performance by DTC, any DTC Participant or any Indirect DTC Participant of their respective obligations under the rules and procedures governing their obligations.

As long as the Certificates of any Trust are registered in the name of DTC or its nominee, Continental will make all payments to the Loan Trustee under the applicable Indenture in immediately available funds. The applicable Trustee will pass through to DTC in immediately available funds all payments received from Continental, including the final distribution of principal with respect to the Certificates of such Trust.

Any Certificates registered in the name of DTC or its nominee will trade in DTC's Same-Day Funds Settlement System until maturity. DTC will require secondary market trading activity in the Certificates to settle in immediately available funds. No assurance can be given as to the effect, if any, of settlement in same-day funds on trading activity in the Certificates.

***Physical Certificates***

Physical Certificates will be issued in paper form to Certificateholders or their nominees, rather than to DTC or its nominee, only if:

Continental advises the applicable Trustee in writing that DTC is no longer willing or able to discharge properly its responsibilities as depository with respect to the Certificates and Continental is unable to locate a qualified successor;

Continental elects to terminate the book-entry system through DTC; or

after the occurrence of a PTC Event of Default, Certificate Owners owning at least a majority in interest in a Trust advise the applicable Trustee, Continental and DTC through DTC Participants that the continuation of a book-entry system through DTC or a successor to DTC is no longer in the Certificate Owners' best interest.

Upon the occurrence of any of the events described in the three subparagraphs above, the applicable Trustee will notify all applicable Certificate Owners through DTC Participants of the availability of physical Certificates. Upon surrender by DTC of the global Certificates and receipt of instructions for re-registration, the applicable Trustee will reissue the Certificates as physical Certificates to the applicable Certificate Owners.

In the case of the physical Certificates that are issued, the applicable Trustee or a paying agent will make distributions of principal, premium, if any, and interest with respect to such Certificates directly to holders in whose

S-53

---

**Table of Contents**

names the physical Certificates were registered at the close of business on the applicable record date. Except for the final payment to be made with respect to a Certificate, the applicable Trustee or a paying agent will make distributions by check mailed to the addresses of the registered holders as they appear on the register maintained by such Trustee. The applicable Trustee or a paying agent will make the final payment with respect to any Certificate only upon presentation and surrender of the applicable Certificate at the office or agency specified in the notice of final distribution to Certificateholders.

Physical Certificates will be freely transferable and exchangeable at the office of the Trustee upon compliance with the requirements set forth in the applicable Pass Through Trust Agreement. Neither the Trustee nor any transfer or exchange agent will impose a service charge for any registration of transfer or exchange. However, the Trustee or transfer or exchange agent will require payment of a sum sufficient to cover any tax or other governmental charge attributable to a transfer or exchange.

**Table of Contents**

**DESCRIPTION OF THE DEPOSIT AGREEMENTS**

The following summary describes the material terms of the Deposit Agreements. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Deposit Agreements, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission. The provisions of the Deposit Agreements are substantially identical except as otherwise indicated.

**General**

Under the Escrow Agreements, the Escrow Agent with respect to each Trust will enter into a separate Deposit Agreement with the Depository. Pursuant to the Escrow Agreements, the Depository will establish separate accounts into which the proceeds of the Offering attributable to Certificates of the applicable Trust will be deposited (each, a Deposit ) on behalf of such Escrow Agent. Pursuant to the Deposit Agreement with respect to each Trust (each a Deposit Agreement ), on each Regular Distribution Date the Depository will pay to the Paying Agent on behalf of the applicable Escrow Agent, for distribution to the Certificateholders of such Trust, an amount equal to interest accrued on the Deposits relating to such Trust during the relevant interest period at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. After the Issuance Date, upon each financing of an Aircraft during the Delivery Period, the Trustee for each Trust will request the Escrow Agent relating to such Trust to withdraw from the Deposits relating to such Trust funds sufficient to enable the Trustee of such Trust to purchase the Equipment Note of the series applicable to such Trust issued with respect to such Aircraft. Accrued but unpaid interest on all such Deposits withdrawn will be paid on the next Regular Distribution Date. Any portion of any Deposit withdrawn that is not used to purchase such Equipment Note will be re-deposited by each Trustee into an account relating to the applicable Trust. The Deposits relating to each Trust and interest paid thereon will not be subject to the subordination provisions of the Intercreditor Agreement and will not be available to pay any other amount in respect of the Certificates.

**Unused Deposits**

The Trustees' obligations to purchase the Equipment Notes issued with respect to each Aircraft are subject to satisfaction of certain conditions at the time of financing, as set forth in the Note Purchase Agreement. See Description of the Certificates' Obligation to Purchase Equipment Notes . Since the Aircraft are expected to be financed from time to time during the Delivery Period, no assurance can be given that all such conditions will be satisfied at the time of financing for each such Aircraft. Moreover, delivery of the new Aircraft is subject to delays in the manufacturing process and to the Aircraft manufacturer's right to postpone deliveries under its agreement with Continental. See Description of the Aircraft and Appraisals' Timing of Financing the Aircraft .

If any funds remain as Deposits with respect to any Trust at the end of the Delivery Period or, if earlier, upon the acquisition by the Trusts of the Equipment Notes with respect to all of the Aircraft (the Delivery Period Termination Date ), such funds will be withdrawn by the Escrow Agent and distributed, with accrued and unpaid interest thereon but without premium, to the Certificateholders of such Trust after at least 15 days' prior written notice.

**Distribution Upon Occurrence of Triggering Event**

If a Triggering Event shall occur prior to the Delivery Period Termination Date, the Escrow Agent for each Trust will withdraw any funds then held as Deposits with respect to such Trust and cause such funds, with accrued and unpaid interest thereon but without any premium, to be distributed to the Certificateholders of such Trust by the Paying Agent on behalf of the Escrow Agent, after at least 15 days' prior written notice. Accordingly, if a Triggering Event occurs

prior to the Delivery Period Termination Date, the Trusts will not acquire Equipment Notes issued with respect to Aircraft available to be financed after the occurrence of such Triggering Event.

**Replacement of Depositary**

If the Depositary's short-term unsecured debt rating or short-term issuer credit rating issued by either Rating Agency falls below the Depositary Threshold Rating, then Continental must, within 30 days of such event occurring, replace the Depositary with a new depositary bank that has a short-term unsecured debt rating or

S-55

---



**Table of Contents**

short-term issuer credit rating issued by each Rating Agency equal to or higher than the Depositary Threshold Rating, subject to receipt of written confirmation from each Rating Agency that such replacement will not result in a withdrawal, suspension or downgrading of the ratings for any Class of Certificates then rated by such Rating Agency without regard to any downgrading of any rating of the Depositary being replaced.

At any time during the Delivery Period, Continental may replace the Depositary, or the Depositary may replace itself, with a new depositary bank that has a short-term unsecured debt rating or short-term issuer credit rating issued by each Rating Agency equal to or higher than the Depositary Threshold Rating, subject to receipt of written confirmation from each Rating Agency that such replacement will not result in a withdrawal, suspension or downgrading of the ratings for any Class of Certificates then rated by such Rating Agency.

Depositary Threshold Rating means the short-term unsecured debt rating of P-1 by Moody's and the short-term issuer credit rating of A-1+ by Standard & Poor's.

**Depositary**

JPMorgan Chase Bank, N.A. (the Bank) will act as depositary (the Depositary). The Bank is a national banking association. The Bank had total assets of approximately \$1.6 trillion and total stockholders' equity of approximately \$130.9 billion, in each case at June 30, 2010. The Bank is a wholly-owned subsidiary of JPMorgan Chase & Co. The Bank meets the Depositary Threshold Rating.

The Bank's registered office is located at 111 Polaris Parkway, Columbus, Ohio 43240. Its principal place of business is 270 Park Avenue, New York, New York 10017, and its telephone number is 212-270-6000. A copy of the most recent filings of JPMorgan Chase & Co. with the Commission, including its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, may be obtained from JPMorgan Chase & Co.'s Investor Relations Department, 270 Park Avenue, New York, NY 10017, (212) 270-7325 or from the Commission at <http://www.sec.gov>. The information that JPMorgan Chase & Co. and affiliates, including the Bank, file with the Commission is not part of, and is not incorporated by reference in, this Prospectus Supplement.

**Table of Contents**

**DESCRIPTION OF THE ESCROW AGREEMENTS**

The following summary describes the material terms of the escrow and paying agent agreements (the Escrow Agreements). The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Escrow Agreements, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission. The provisions of the Escrow Agreements are substantially identical except as otherwise indicated.

Wells Fargo Bank Northwest, N.A., as escrow agent in respect of each Trust (the Escrow Agent), Wilmington Trust Company, as paying agent on behalf of the Escrow Agent in respect of each Trust (the Paying Agent), each Trustee and the Underwriters will enter into a separate Escrow Agreement for the benefit of the Certificateholders of each Trust as holders of the Escrow Receipts affixed thereto (in such capacity, a Receiptholder). The cash proceeds of the offering of Certificates of each Trust will be deposited on behalf of the Escrow Agent (for the benefit of Receiptholders) with the Depository as Deposits relating to such Trust. Each Escrow Agent shall permit the Trustee of the related Trust to cause funds to be withdrawn from such Deposits on or prior to the Delivery Period Termination Date to allow such Trustee to purchase the related Equipment Notes pursuant to the Note Purchase Agreement. In addition, the Escrow Agent shall direct the Depository to pay interest on the Deposits accrued in accordance with the Deposit Agreement to the Paying Agent for distribution to the Receiptholders.

Each Escrow Agreement requires that the Paying Agent establish and maintain, for the benefit of the related Receiptholders, one or more Paying Agent Account(s), which shall be non-interest-bearing. The Paying Agent shall deposit interest on Deposits and any unused Deposits withdrawn by the Escrow Agent in the related Paying Agent Account. The Paying Agent shall distribute these amounts on a Regular Distribution Date or Special Distribution Date, as appropriate.

Upon receipt by the Depository of cash proceeds from this Offering, the Escrow Agent will issue one or more escrow receipts (Escrow Receipts) which will be affixed by the relevant Trustee to each Certificate. Each Escrow Receipt evidences the related Receiptholder's interest in amounts from time to time deposited into the Paying Agent Account and is limited in recourse to amounts deposited into such account. An Escrow Receipt may not be assigned or transferred except in connection with the assignment or transfer of the Certificate to which it is affixed. Each Escrow Receipt will be registered by the Escrow Agent in the same name and manner as the Certificate to which it is affixed.

Each Receiptholder shall have the right (individually and without the need for any other action of any person, including the Escrow Agent or any other Receiptholder), upon any default in the payment of interest on the Deposits when due by the Depository in accordance with the applicable Deposit Agreement, or upon any default in the payment of the final withdrawal when due by the Depository in accordance with the terms of the applicable Deposit Agreement and Escrow Agreement, to proceed directly against the Depository. The Escrow Agent will notify Receiptholders in the event of a default in any such payment and will promptly forward to Receiptholders upon receipt copies of all written communications relating to any payments due to the Receiptholders in respect of the Deposits.

**Table of Contents****DESCRIPTION OF THE LIQUIDITY FACILITIES**

The following summary describes the material terms of the Liquidity Facilities and certain provisions of the Intercreditor Agreement relating to the Liquidity Facilities. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Liquidity Facilities and the Intercreditor Agreement, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission. The provisions of the Liquidity Facilities are substantially identical except as otherwise indicated.

**General**

Landesbank Hessen-Thüringen Girozentrale (the Liquidity Provider), will enter into a separate revolving credit agreement (each, a Liquidity Facility) with the Subordination Agent with respect to each Trust. On any Regular Distribution Date, if, after giving effect to the subordination provisions of the Intercreditor Agreement, the Subordination Agent does not have sufficient funds for the payment of interest on the Class A or Class B Certificates, the Liquidity Provider under the relevant Liquidity Facility will make an advance (an Interest Drawing) in the amount needed to fund such interest shortfall up to the Maximum Available Commitment. The maximum amount of Interest Drawings available under each Liquidity Facility is expected to provide an amount sufficient to pay interest on the related Class of Certificates on up to three consecutive semiannual Regular Distribution Dates (without regard to any expected future payments of principal on such Certificates) at the respective interest rates shown on the cover page of this Prospectus Supplement for such Certificates (the Stated Interest Rates). If interest payment defaults occur which exceed the amount covered by and available under the Liquidity Facility for a Trust, the Certificateholders of such Trust will bear their allocable share of the deficiencies to the extent that there are no other sources of funds. The initial Liquidity Provider for a Trust may be replaced by one or more other entities under certain circumstances.

**Drawings**

The aggregate amount available under the Liquidity Facility for each Trust at July 12, 2011, the first Regular Distribution Date after all Aircraft are expected to have been financed pursuant to the Offering, assuming that such Aircraft are so financed and that all interest due on or prior to July 12, 2011, is paid, will be as follows:

<b>Trust</b>	<b>Available Amount</b>
Class A	\$ 25,839,454
Class B	5,804,280

Except as otherwise provided below, the Liquidity Facility for each Trust will enable the Subordination Agent to make Interest Drawings thereunder promptly on or after any Regular Distribution Date if, after giving effect to the subordination provisions of the Intercreditor Agreement, there are insufficient funds available to the Subordination Agent to pay interest on the Certificates of such Trust at the Stated Interest Rate for such Trust; *provided, however*, that the maximum amount available to be drawn under the Liquidity Facility with respect to any Trust on any Regular Distribution Date to fund any shortfall of interest on Certificates of such Trust will not exceed the then Maximum Available Commitment under such Liquidity Facility. The Maximum Available Commitment at any time under each Liquidity Facility is an amount equal to the then Maximum Commitment of such Liquidity Facility less the aggregate amount of each Interest Drawing outstanding under such Liquidity Facility at such time, *provided* that following a Downgrade Drawing, a Special Termination Drawing, a Final Drawing or a Non-Extension Drawing under a Liquidity

Facility, the Maximum Available Commitment under such Liquidity Facility shall be zero.

Maximum Commitment for the Liquidity Facility for the Class A Trust and the Class B Trust means initially \$27,753,488 and \$6,234,227, respectively, as the same may be reduced from time to time as described below.

Required Amount means, in relation to the Liquidity Facility for any applicable Trust for any day, the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Stated Interest Rate for such Trust, that would be payable on such Class of Certificates on each of the three successive Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding two

S-58

---

**Table of Contents**

Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the corresponding Class of Certificates on such day and without regard to expected future payments of principal on such Class of Certificates.

The Liquidity Facility for any applicable Class of Certificates does not provide for drawings thereunder to pay for principal of or premium on the Certificates of such Class or any interest on the Certificates of such Class in excess of the Stated Interest Rate for such Class or more than three semiannual installments of interest thereon or principal of or interest or premium on the Certificates of any other Class. (Liquidity Facilities, Section 2.02; Intercreditor Agreement, Section 3.5) In addition, the Liquidity Facility with respect to each Trust does not provide for drawings thereunder to pay any amounts payable with respect to the Deposits relating to such Trust.

Each payment by a Liquidity Provider reduces by the same amount the Maximum Available Commitment under the related Liquidity Facility, subject to reinstatement as described below. With respect to any Interest Drawing, upon reimbursement of the applicable Liquidity Provider in full or in part for the amount of such Interest Drawings plus interest thereon, the Maximum Available Commitment under the applicable Liquidity Facility will be reinstated by an amount equal to the amount of such Interest Drawing so reimbursed to an amount not to exceed the then Required Amount of such Liquidity Facility. However, the Maximum Commitment Amount under such Liquidity Facility will not be so reinstated at any time if (i) a Liquidity Event of Default with respect to such Liquidity Facility shall have occurred and be continuing and less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes or (ii) a Final Drawing, Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing shall have been made or an Interest Drawing shall have been converted into a Final Advance. The Maximum Available Commitment under any Liquidity Facility will not be reinstated after a Final Drawing, Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing thereunder. On the first Regular Distribution Date and on each date on which the Pool Balance of a Trust shall have been reduced by payments made to the related Certificateholders pursuant to the Intercreditor Agreement, the Maximum Commitment of the Liquidity Facility for the applicable Trust will be automatically reduced from time to time to an amount equal to the then Required Amount. (Liquidity Facilities, Section 2.04(a); Intercreditor Agreement, Section 3.5(j))

Performing Equipment Note means an Equipment Note with respect to which no payment default has occurred and is continuing (without giving effect to any acceleration); *provided* that in the event of a bankruptcy proceeding under the U.S. Bankruptcy Code in which Continental is a debtor any payment default existing during the 60-day period under Section 1110(a)(2)(A) of the U.S. Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the U.S. Bankruptcy Code or as may apply for the cure of such payment default under Section 1110(a)(2)(B) of the U.S. Bankruptcy Code) shall not be taken into consideration until the expiration of the applicable period.

If at any time the short-term unsecured debt rating or short-term issuer credit rating, as the case may be, of the Liquidity Provider then issued by either Rating Agency is lower than the Liquidity Threshold Rating (unless each Rating Agency shall have confirmed in writing on or prior to the date of such downgrading that such downgrading will not result in the downgrading, withdrawal or suspension of the ratings of the Certificates), and the applicable Liquidity Facility is not replaced with a Replacement Facility within ten days after receipt by the Subordination Agent of notice of such downgrading and as otherwise provided in the Intercreditor Agreement, such Liquidity Facility will be drawn in full up to the then Maximum Available Commitment under such Liquidity Facility (the Downgrade Drawing). The proceeds of a Downgrade Drawing will be deposited into a cash collateral account (the Cash Collateral Account) for the applicable Class of Certificates and used for the same purposes and under the same circumstances and subject to the same conditions as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(c); Intercreditor Agreement, Section 3.5(c)) If a qualified Replacement Facility is subsequently provided, the balance of the Cash Collateral Account will be repaid to the replaced Liquidity Provider.

A Replacement Facility for any Liquidity Facility will mean an irrevocable liquidity facility (or liquidity facilities) in substantially the form of the replaced Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit) as shall permit the Rating Agencies to confirm in writing their respective ratings then in effect for the Certificates of an applicable Trust (before downgrading of such ratings, if any, as a result of the downgrading of the replaced Liquidity Provider), in a face amount (or in an aggregate face amount) equal to the then Required Amount for the replaced Liquidity Facility and issued by a person (or persons) having a

S-59

---

**Table of Contents**

short-term unsecured debt rating or short-term issuer credit rating, as the case may be, issued by both Rating Agencies which are equal to or higher than the Liquidity Threshold Rating. (Intercreditor Agreement, Section 1.1) The provider of any Replacement Facility will have the same rights (including, without limitation, priority distribution rights and rights as Controlling Party ) under the Intercreditor Agreement as the Liquidity Provider being replaced.

Liquidity Threshold Rating means the short-term unsecured debt rating of P-1 by Moody's and the short-term issuer credit rating of A-1 by Standard & Poor's.

If at any time during the 18-month period prior to the final expected Regular Distribution Date, the Pool Balance for a Trust is greater than the aggregate outstanding principal amount of Equipment Notes held in such Trust (other than any Equipment Notes previously sold or with respect to which the collateral securing such Equipment Notes has been disposed of), the Liquidity Provider may, in its discretion, give notice of special termination under the applicable Liquidity Facility (a Special Termination Notice ). The effect of the delivery of such Special Termination Notice will be to cause (i) such Liquidity Facility to expire on the fifth Business Day after the date on which such Special Termination Notice is received by the Subordination Agent, (ii) the Subordination Agent to promptly request, and the Liquidity Provider to promptly make, a special termination drawing (a Special Termination Drawing ) in an amount equal to the Maximum Available Commitment thereunder and (iii) all amounts owing to the Liquidity Provider automatically to become accelerated. The proceeds of a Special Termination Drawing will be deposited into the Cash Collateral Account and used for the same purposes under the same circumstances and subject to the same conditions as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 6.02; Intercreditor Agreement, Section 3.5(m))

The Liquidity Facility for each Trust provides that the applicable Liquidity Provider's obligations thereunder will expire on the earliest of:

15 days after the Final Maturity Date for the Certificates of such Trust.

The date on which the Subordination Agent delivers to such Liquidity Provider a certification that all of the Certificates of such Trust have been paid in full.

The date on which the Subordination Agent delivers to such Liquidity Provider a certification that a Replacement Facility has been substituted for such Liquidity Facility.

The fifth Business Day following receipt by the Subordination Agent of a Termination Notice from such Liquidity Provider (see Liquidity Events of Default ).

The fifth Business Day following receipt by the Subordination Agent of a Special Termination Notice from such Liquidity Provider.

The date on which no amount is or may (by reason of reinstatement) become available for drawing under such Liquidity Facility.

If a Replacement Facility is scheduled to expire earlier than 15 days after the Final Maturity Date for the Certificates of the applicable Trust, such Replacement Facility will provide that it may be extended for additional 364-day periods by mutual agreement of the relevant Liquidity Provider and the Subordination Agent. The Intercreditor Agreement will provide for the replacement of any such Replacement Facility for any applicable Trust if such Replacement Facility is scheduled to expire earlier than 15 days after the Final Maturity Date for the Certificates of such Trust and such Replacement Facility is not extended at least 25 days prior to its then scheduled expiration date. If such Replacement Facility is not so extended or replaced by the 25th day prior to its then scheduled expiration date, such

Replacement Facility will be drawn in full up to the then Maximum Available Commitment under such Replacement Facility (the Non-Extension Drawing ). The proceeds of the Non-Extension Drawing under any Replacement Facility will be deposited in the Cash Collateral Account for the related Trust to be used for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Replacement Facility would be used. (Liquidity Facilities, Section 2.02(b); Intercreditor Agreement, Section 3.5(d))

Subject to certain limitations, Continental may, at its option, arrange for a Replacement Facility at any time to replace the Liquidity Facility for any applicable Trust (including without limitation any Replacement Facility

S-60

---



**Table of Contents**

described in the following sentence). In addition, if the Liquidity Provider shall determine not to extend any Replacement Facility, then the Liquidity Provider may, at its option, arrange for another Replacement Facility to replace such Replacement Facility (i) during the period no earlier than 40 days and no later than 25 days prior to the then scheduled expiration date of such Replacement Facility and (ii) at any time after a Non-Extension Drawing has been made. The Liquidity Provider may also arrange for a Replacement Facility to replace any of its Liquidity Facilities at any time after a Downgrade Drawing under such Liquidity Facility. If any Replacement Facility is provided at any time after a Downgrade Drawing, a Special Termination Drawing or a Non-Extension Drawing under any Liquidity Facility, the funds with respect to such Liquidity Facility on deposit in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced. (Intercreditor Agreement, Section 3.5(e))

Upon receipt by the Subordination Agent of a Termination Notice with respect to any Liquidity Facility from the relevant Liquidity Provider, the Subordination Agent shall request a final drawing (a Final Drawing ) under such Liquidity Facility, in an amount equal to the then Maximum Available Commitment thereunder. The Subordination Agent will hold the proceeds of the Final Drawing in the Cash Collateral Account for the related Trust as cash collateral to be used for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(d); Intercreditor Agreement, Section 3.5(i))

Drawings under any Liquidity Facility will be made by delivery by the Subordination Agent of a certificate in the form required by such Liquidity Facility. Upon receipt of such a certificate, the relevant Liquidity Provider is obligated to make payment of the drawing requested thereby in immediately available funds. Upon payment by the relevant Liquidity Provider of the amount specified in any drawing under any Liquidity Facility, such Liquidity Provider will be fully discharged of its obligations under such Liquidity Facility with respect to such drawing and will not thereafter be obligated to make any further payments under such Liquidity Facility in respect of such drawing to the Subordination Agent or any other person.

**Reimbursement of Drawings**

The Subordination Agent must reimburse amounts drawn under any Liquidity Facility by reason of an Interest Drawing, Final Drawing, Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing and interest thereon, but only to the extent that the Subordination Agent has funds available therefor. See Description of the Intercreditor Agreement Priority of Distributions .

***Interest Drawings, Special Termination Drawing and Final Drawing***

Amounts drawn by reason of an Interest Drawing, Special Termination Drawing or Final Drawing will be immediately due and payable, together with interest on the amount of such drawing. From the date of the drawing to (but excluding) the third business day following the applicable Liquidity Provider's receipt of the notice of such Interest Drawing or Final Drawing, interest will accrue at the Base Rate plus 3.5% per annum. Thereafter, interest will accrue at LIBOR for the applicable interest period (or, as described in the fourth paragraph under Reimbursement of Drawings Interest Drawings, Special Termination Drawing and Final Drawing , the Base Rate) plus 3.5% per annum. Any Special Termination Drawing under the Liquidity Facilities, other than any portion thereof applied to the payment of interest on the Certificates, will bear interest at the Base Rate for the applicable interest period plus a specified margin per annum from the date of the drawing to (but excluding) the third business day following the applicable Liquidity Provider's receipt of the notice of such Special Termination Drawing. Thereafter, interest will accrue at LIBOR for the applicable interest period (or, as described in the fourth paragraph under Reimbursement of Drawings Interest Drawings, Special Termination Drawing and Final Drawing , the Base Rate) plus a specified margin per annum.

Base Rate means, on any day, a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a business day, for the next preceding business day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a business day, the average of the quotations for such day for such

S-61

---

**Table of Contents**

transactions received by the applicable Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 of 1%).

LIBOR means, with respect to any interest period, (i) the rate per annum appearing on Reuters Screen LIBOR01 Page (or any successor or substitute therefor) at approximately 11:00 a.m. (London time) two business days before the first day of such interest period, as the rate for dollar deposits with a maturity comparable to such interest period, or (ii) if the rate calculated pursuant to clause (i) above is not available, the average (rounded upwards, if necessary, to the next 1/16 of 1%) of the rates per annum at which deposits in dollars are offered for the relevant interest period by three banks of recognized standing selected by the applicable Liquidity Provider in the London interbank market at approximately 11:00 a.m. (London time) two business days before the first day of such interest period in an amount approximately equal to the principal amount of the drawing to which such interest period is to apply and for a period comparable to such interest period.

If at any time, a Liquidity Provider shall have determined (which determination shall be conclusive and binding upon the Subordination Agent, absent manifest error) that, by reason of circumstances affecting the relevant interbank lending market generally, LIBOR determined or to be determined for the current or the immediately succeeding interest period will not adequately and fairly reflect the cost to such Liquidity Provider (as conclusively certified by such Liquidity Provider, absent manifest error) of making or maintaining LIBOR advances, such Liquidity Provider shall give notice thereof (a Rate Determination Notice ) to the Subordination Agent. If such notice is given, then the outstanding principal amount of the LIBOR advances under the applicable Liquidity Facility shall be converted to Base Rate advances effective from the date of the Rate Determination Notice; provided that the rate then applicable in respect of such Base Rate advances shall be increased by one percent (1.00%). Each applicable Liquidity Provider shall withdraw a Rate Determination Notice given under the applicable Liquidity Facility when such Liquidity Provider determines that the circumstances giving rise to such Rate Determination Notice no longer apply to such Liquidity Provider, and the Base Rate advances under the applicable Liquidity Facility shall be converted to LIBOR advances effective as of the first day of the next succeeding interest period after the date of such withdrawal. Each change in the Base Rate shall become effective immediately. (Liquidity Facilities, Section 3.07(g))

***Downgrade Drawings and Non-Extension Drawings***

The amount drawn under any Liquidity Facility by reason of a Downgrade Drawing or a Non-Extension Drawing will be treated as follows:

Such amount will be released on any Distribution Date to the applicable Liquidity Provider to the extent that such amount exceeds the Required Amount.

Any portion of such amount withdrawn from the Cash Collateral Account for such Certificates to pay interest on such Certificates will be treated in the same way as Interest Drawings.

The balance of such amount will be invested in certain specified eligible investments.

Any Downgrade Drawing under any Liquidity Facility, other than any portion thereof applied to the payment of interest on the applicable Certificates, will bear interest (x) subject to clause (y) below, from the date of the drawing to (but excluding) the third business day following the applicable Liquidity Provider's receipt of the notice of such Downgrade Drawing, at a rate equal to the Base Rate plus a specified margin per annum, and thereafter, at a rate equal to LIBOR for the applicable interest period (or, as described in the fourth paragraph under Reimbursement of Drawings Interest Drawings, Special Termination Drawing and Final Drawing , the Base Rate) plus a specified margin per annum on the outstanding amount from time to time of such Downgrade Drawing and (y) from and after the date, if any, on which it is converted into a Final Drawing as described below under Liquidity Events of Default ,

at a rate equal to LIBOR for the applicable interest period (or, as described in the fourth paragraph under Interest Drawings, Special Termination Drawing and Final Drawing , the Base Rate) plus 3.5% per annum.

Any Non-Extension Drawing under any Liquidity Facility, other than any portion thereof applied to the payment of interest on the applicable Certificates, will bear interest (x) subject to clause (y) below, in an amount equal to the investment earnings on amounts deposited in the Cash Collateral Account attributable to such Liquidity

S-62

---

## **Table of Contents**

Facility plus a specified rate per annum on the outstanding amount from time to time of such Non-Extension Drawing and (y) from and after the date, if any, on which it is converted into a Final Drawing as described below under Liquidity Events of Default , at a rate equal to LIBOR for the applicable interest period (or, as described in the fourth paragraph under Interest Drawings, Special Termination Drawing and Final Drawing , the Base Rate) plus 3.5% per annum.

### **Liquidity Events of Default**

Events of default under each Liquidity Facility (each, a Liquidity Event of Default ) will consist of:

The acceleration of all of the Equipment Notes (*provided*, that if such acceleration occurs during the Delivery Period, the aggregate principal amount thereof exceeds \$185 million).

Certain bankruptcy or similar events involving Continental. (Liquidity Facilities, Section 1.01)

If (i) any Liquidity Event of Default under any Liquidity Facility has occurred and is continuing and (ii) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes, the applicable Liquidity Provider may, in its discretion, give a notice of termination of such Liquidity Facility to the Subordination Agent (a Termination Notice ). The Termination Notice will have the following consequences:

Such Liquidity Facility will expire on the fifth Business Day after the date on which such Termination Notice is received by the Subordination Agent.

The Subordination Agent will promptly request, and the applicable Liquidity Provider will make, a Final Drawing thereunder in an amount equal to the then Maximum Available Commitment thereunder.

Any drawing remaining unreimbursed as of the date of termination will be automatically converted into a Final Drawing under such Liquidity Facility.

All amounts owing to the applicable Liquidity Provider automatically will be accelerated.

Notwithstanding the foregoing, the Subordination Agent will be obligated to pay amounts owing to the Liquidity Provider only to the extent of funds available therefor after giving effect to the payments in accordance with the provisions set forth under Description of the Intercreditor Agreement Priority of Distributions . (Liquidity Facilities, Section 6.01) Upon the circumstances described below under Description of the Intercreditor Agreement Intercreditor Rights , the Liquidity Provider may become the Controlling Party with respect to the exercise of remedies under the Indentures. (Intercreditor Agreement, Section 2.6(c))

### **Liquidity Provider**

The initial Liquidity Provider for each Liquidity Facility will be Landesbank Hessen-Thüringen Girozentrale. The Liquidity Provider meets the Liquidity Threshold Rating.

**Table of Contents**

**DESCRIPTION OF THE INTERCREDITOR AGREEMENT**

The following summary describes the material provisions of the Intercreditor Agreement (the Intercreditor Agreement ) among the Trustees, the Liquidity Provider and Wilmington Trust Company, as subordination agent (the Subordination Agent ). The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Intercreditor Agreement, which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission.

**Intercreditor Rights**

***Controlling Party***

Each Loan Trustee will be directed in taking, or refraining from taking, any action under an Indenture or with respect to the Equipment Notes issued under such Indenture, by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued under such Indenture, so long as no Indenture Default shall have occurred and be continuing thereunder. For so long as the Subordination Agent is the registered holder of the Equipment Notes, the Subordination Agent will act with respect to the preceding sentence in accordance with the directions of the Trustees for whom the Equipment Notes issued under such Indenture are held as Trust Property, to the extent constituting, in the aggregate, directions with respect to the required principal amount of Equipment Notes.

After the occurrence and during the continuance of an Indenture Default under an Indenture, each Loan Trustee will be directed in taking, or refraining from taking, any action thereunder or with respect to the Equipment Notes issued under such Indenture, including acceleration of such Equipment Notes or foreclosing the lien on the related Aircraft, by the Controlling Party, subject to the limitations described below. See Description of the Certificates Indenture Defaults and Certain Rights Upon an Indenture Default for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees.

The Controlling Party will be:

The Class A Trustee.

Upon payment of Final Distributions to the holders of Class A Certificates, the Class B Trustee.

Under certain circumstances, and notwithstanding the foregoing, the Liquidity Provider with the largest amount owed to it, as discussed in the next paragraph.

At any time after 18 months from the earliest to occur of (x) the date on which the entire available amount under any Liquidity Facility shall have been drawn (for any reason other than a Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing that has not been converted into a Final Drawing) and shall remain unreimbursed, (y) the date on which the entire amount of any Downgrade Drawing, Special Termination Drawing or Non-Extension Drawing shall have been withdrawn from the relevant Cash Collateral Account to pay interest on the relevant Class of Certificates and shall remain unreimbursed and (z) the date on which all Equipment Notes shall have been accelerated (*provided* that if such acceleration occurs prior to the Delivery Period Termination Date, the aggregate principal amount thereof exceeds \$185 million), the Liquidity Provider with the highest outstanding amount of Liquidity Obligations (so long as such Liquidity Provider has not defaulted in its obligation to make any drawing under any Liquidity Facility) shall have the right to become the Controlling Party.

For purposes of giving effect to the rights of the Controlling Party, each Trustee (to the extent not the Controlling Party) shall irrevocably agree, and the Certificateholders (other than the Certificateholders represented by the Controlling Party) will be deemed to agree by virtue of their purchase of Certificates, that the Subordination Agent, as record holder of the Equipment Notes, shall exercise its voting rights in respect of the Equipment Notes as directed by the Controlling Party. (Intercreditor Agreement, Section 2.6) For a description of certain limitations on the Controlling Party's rights to exercise remedies, see Description of the Equipment Notes Remedies .

Final Distributions means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) the aggregate amount of all accrued and unpaid interest on such Certificates (excluding interest payable on the Deposits relating to such Trust) and (y) the Pool Balance of such Certificates as of the immediately preceding

**Table of Contents**

Distribution Date (less the amount of the Deposits for such Class of Certificates as of such preceding Distribution Date other than any portion of such Deposits thereafter used to acquire Equipment Notes pursuant to the Note Purchase Agreement). For purposes of calculating Final Distributions with respect to the Certificates of any Trust, any premium paid on the Equipment Notes held in such Trust which has not been distributed to the Certificateholders of such Trust (other than such premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Final Distributions.

***Limitation on Exercise of Remedies***

So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture and (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee (and the Additional Trustee, if Additional Junior Certificates are then outstanding), no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold in the exercise of remedies under such Indenture, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes.

Minimum Sale Price means, with respect to any Aircraft or the Equipment Notes issued in respect of such Aircraft, at any time, in the case of the sale of an Aircraft, 75%, or in the case of the sale of related Equipment Notes, 85%, of the Appraised Current Market Value of such Aircraft.

Following the occurrence and during the continuation of an Indenture Default under any Indenture, in the exercise of remedies pursuant to such Indenture, the Loan Trustee under such Indenture may be directed to lease the Aircraft to any person (including Continental) so long as the Loan Trustee in doing so acts in a commercially reasonable manner within the meaning of Article 9 of the Uniform Commercial Code as in effect in any applicable jurisdiction (including Sections 9-610 and 9-627 thereof).

If following certain events of bankruptcy, reorganization or insolvency with respect to Continental described in the Intercreditor Agreement (a Continental Bankruptcy Event ) and during the pendency thereof, the Controlling Party receives a proposal from or on behalf of Continental to restructure the financing of any one or more of the Aircraft, the Controlling Party will promptly thereafter give the Subordination Agent and each Trustee (and the Additional Trustee, if Additional Junior Certificates are then outstanding) notice of the material economic terms and conditions of such restructuring proposal whereupon the Subordination Agent acting on behalf of each Trustee (and the Additional Trustee, if Additional Junior Certificates are then outstanding) will endeavor using reasonable commercial efforts to make such terms and conditions of such restructuring proposal available to all Certificateholders (and, if then outstanding, holders of Additional Junior Certificates) (whether by posting on DTC's Internet board or otherwise) and to each Liquidity Provider that has not made a Final Drawing. Thereafter, neither the Subordination Agent nor any Trustee, whether acting on instructions of the Controlling Party or otherwise, may, without the consent of each Trustee (and the Additional Trustee, if Additional Junior Certificates are then outstanding), enter into any term sheet, stipulation or other agreement (whether in the form of an adequate protection stipulation, an extension under Section 1110(b) of the U.S. Bankruptcy Code or otherwise) to effect any such restructuring proposal with or on behalf of Continental unless and until the material economic terms and conditions of such restructuring proposal shall have been made available to all Certificateholders (and, if then outstanding, holders of Additional Junior Certificates) and to each Liquidity Provider that has not made a Final Drawing for a period of not less than 15 calendar days (except that such requirement shall not apply to any such term sheet, stipulation or other agreement that is entered into on or prior to the expiry of the 60-Day Period and that is effective for a period not longer than three months from the expiry of the 60-Day Period).

In the event that any holder of Class B Certificates or of Additional Junior Certificates, if issued, gives irrevocable notice of the exercise of its right to purchase all (but not less than all) of the Class of Certificates represented by the



then Controlling Party (as described in Description of the Certificates Purchase Rights of Certificateholders ), prior to the expiry of the 15-day notice period specified above, such Controlling Party may not direct the Subordination Agent or any Trustee to enter into any such restructuring proposal with respect to any of the Aircraft, unless and until such holder fails to purchase such Class of Certificates on the date that it is required to make such purchase.

S-65

---

**Table of Contents**

**Post Default Appraisals**

Upon the occurrence and continuation of an Indenture Default under any Indenture, the Subordination Agent will be required to obtain three desktop appraisals from the appraisers selected by the Controlling Party setting forth the current market value, current lease rate and distressed value (in each case, as defined by the International Society of Transport Aircraft Trading) of the Aircraft subject to such Indenture (each such appraisal, an Appraisal and the current market value appraisals being referred to herein as the Post Default Appraisals ). For so long as any Indenture Default shall be continuing under any Indenture, and without limiting the right of the Controlling Party to request more frequent Appraisals, the Subordination Agent will be required to obtain additional Appraisals on the date that is 364 days from the date of the most recent Appraisal or if a Continental Bankruptcy Event shall have occurred and is continuing, on the date that is 180 days from the date of the most recent Appraisal.

Appraised Current Market Value of any Aircraft means the lower of the average and the median of the three most recent Post Default Appraisals of such Aircraft.

**Priority of Distributions**

All payments in respect of the Equipment Notes and certain other payments received on each Regular Distribution Date or Special Distribution Date (each, a Distribution Date ) will be promptly distributed by the Subordination Agent on such Distribution Date in the following order of priority:

To the Subordination Agent, any Trustee, any Certificateholder and any Liquidity Provider to the extent required to pay certain out-of-pocket costs and expenses actually incurred by the Subordination Agent (or reasonably expected to be incurred by the Subordination Agent for the period ending on the next succeeding Regular Distribution Date, which shall not exceed \$150,000 unless approved in writing by the Controlling Party) or any Trustee or to reimburse any Certificateholder or the Liquidity Provider in respect of payments made to the Subordination Agent or any Trustee in connection with the protection or realization of the value of the Equipment Notes held by the Subordination Agent or any Collateral under (and as defined in) any Indenture (collectively, the Administration Expenses ).

To the Liquidity Provider (a) to the extent required to pay the Liquidity Expenses or (b) in the case of a Special Payment on account of the redemption, purchase or prepayment of all of the Equipment Notes issued pursuant to an Indenture (an Equipment Note Special Payment ), so long as no Indenture Default has occurred and is continuing under any Indenture, the amount of accrued and unpaid Liquidity Expenses that are not yet due, multiplied by the Section 2.4 Fraction or, if an Indenture Default has occurred and is continuing, clause (a) will apply.

To the Liquidity Provider (a) to the extent required to pay interest accrued on the Liquidity Obligations and if a Special Termination Drawing has been made and has not been converted into a Final Drawing, to pay the outstanding amount of such Special Termination Drawing or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Default has occurred and is continuing under any Indenture, to the extent required to pay accrued and unpaid interest then in arrears on the Liquidity Obligations plus an amount equal to the amount of accrued and unpaid interest on the Liquidity Obligations not in arrears, multiplied by the Section 2.4 Fraction and if a Special Termination Drawing has been made and has not been converted into a Final Drawing, the outstanding amount of such Special Termination Drawing or, if an Indenture Default has occurred and is continuing, clause (a) will apply.

To (i) the Liquidity Provider to the extent required to pay the outstanding amount of all Liquidity Obligations and (ii) if applicable, with respect to any particular Liquidity Facility, unless (in the case of this clause (ii) only) (x) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes and a Liquidity Event of Default shall have occurred and is continuing under such Liquidity Facility or (y) a Final Drawing shall have occurred under such Liquidity Facility, the Subordination Agent to replenish the Cash Collateral Account with respect to such Liquidity Facility up to the Required Amount for the related Class of Certificates.

To the Subordination Agent, any Trustee or any Certificateholder to the extent required to pay certain fees, taxes, charges and other amounts payable.

S-66

---

**Table of Contents**

To the Class A Trustee (a) to the extent required to pay accrued and unpaid interest at the Stated Interest Rate on the Pool Balance of the Class A Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Class of Certificates) or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Default has occurred and is continuing under any Indenture, to the extent required to pay any such interest that is then due together with (without duplication) accrued and unpaid interest at the Stated Interest Rate on the outstanding principal amount of the Series A Equipment Notes held in the Class A Trust being redeemed, purchased or prepaid or, if an Indenture Default has occurred and is continuing, clause (a) will apply.

To the Class B Trustee (a) to the extent required to pay accrued and unpaid Class B Adjusted Interest on the Class B Certificates (excluding interest, if any, payable with respect to the Deposits relating to such Class of Certificates) or (b) in the case of an Equipment Note Special Payment, so long as no Indenture Default has occurred and is continuing under any Indenture, to the extent required to pay any such Class B Adjusted Interest that is then due or, if an Indenture Default has occurred and is continuing, clause (a) will apply.

To the Class A Trustee to the extent required to pay Expected Distributions on the Class A Certificates.

To the Class B Trustee (a) to the extent required to pay accrued and unpaid interest at the Stated Interest Rate on the Pool Balance of the Class B Certificates (other than Class B Adjusted Interest paid above and interest, if any, payable with respect to the Deposits relating to the Class B Trust) or, (b) in the case of an Equipment Note Special Payment, so long as no Indenture Default has occurred and is continuing under any Indenture, to the extent required to pay any such interest that is then due (other than Class B Adjusted Interest paid above) together with (without duplication) accrued and unpaid interest at the Stated Interest Rate on the outstanding principal amount of the Series B Equipment Notes held in the Class B Trust and being redeemed, purchased or prepaid or, if an Indenture Default has occurred and is continuing, clause (a) will apply.

To the Class B Trustee to the extent required to pay Expected Distributions on the Class B Certificates.

If a Class of Additional Junior Certificates has been issued, the priority of distributions in the Intercreditor Agreement may be revised such that certain obligations relating to the Additional Junior Certificates may rank ahead of certain obligations with respect to the Certificates. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates .

Section 2.4 Fraction means, with respect to any Special Distribution Date, a fraction, the numerator of which shall be the amount of principal of the applicable Series A Equipment Notes and Series B Equipment Notes being redeemed, purchased or prepaid on such Special Distribution Date, and the denominator of which shall be the aggregate unpaid principal amount of all Series A Equipment Notes and Series B Equipment Notes outstanding as of such Special Distribution Date. The definition of Section 2.4 Fraction will be revised if Additional Junior Certificates are issued. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates .

Liquidity Obligations means the obligations of the Subordination Agent to reimburse or to pay the Liquidity Provider all principal, interest, fees and other amounts owing to it under each Liquidity Facility or certain other agreements.

Liquidity Expenses means the Liquidity Obligations other than any interest accrued thereon or the principal amount of any drawing under the Liquidity Facilities.

Expected Distributions means, with respect to the Certificates of any Trust on any Distribution Date (the Current Distribution Date ), the difference between:

(A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, the original aggregate face amount of the Certificates of such Trust), and

(B) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of the Equipment Notes other than Performing Equipment Notes (the Non-Performing Equipment Notes ) held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates, (ii) the principal of the Performing Equipment Notes held in such Trust has been

S-67

---

**Table of Contents**

paid when due (but without giving effect to any acceleration of Performing Equipment Notes) and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Notes formerly held in such Trust that have been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates, but without giving effect to any reduction in the Pool Balance as a result of any distribution attributable to Deposits occurring after the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, occurring after the initial issuance of the Certificates of such Trust).

For purposes of calculating Expected Distributions with respect to the Certificates of any Trust, any premium paid on the Equipment Notes held in such Trust that has not been distributed to the Certificateholders of such Trust (other than such premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of Expected Distributions.

**Class B Adjusted Interest** means, as of any Distribution Date, (I) any interest described in clause (II) of this definition accruing prior to the immediately preceding Distribution Date which remains unpaid and (II) interest at the Stated Interest Rate for the Class B Certificates (x) for the number of days during the period commencing on, and including, the immediately preceding Distribution Date (or, if the current Distribution Date is the first Distribution Date, the Issuance Date) and ending on, but excluding, the current Distribution Date, on the Preferred B Pool Balance on such Distribution Date and (y) on the principal amount calculated pursuant to clauses (B)(i), (ii), (iii) and (iv) of the definition of Preferred B Pool Balance for each Series B Equipment Note with respect to which a disposition, distribution, sale or Deemed Disposition Event has occurred since the immediately preceding Distribution Date (but only if no such event has previously occurred with respect to such Series B Equipment Note), for each day during the period, for each such Series B Equipment Note, commencing on, and including, the immediately preceding Distribution Date (or, if the current Distribution Date is the first Distribution Date, the Issuance Date) and ending on, but excluding the date of disposition, distribution, sale or Deemed Disposition Event with respect to such Series B Equipment Note, Aircraft or Collateral under (and as defined in) the related Indenture, as the case may be.

**Preferred B Pool Balance** means, as of any date, the excess of (A) the Pool Balance of the Class B Certificates as of the immediately preceding Distribution Date (or, if such date is on or before the first Distribution Date, the original aggregate face amount of the Class B Certificates) (after giving effect to payments made on such date) over (B) the sum of (i) the outstanding principal amount of each Series B Equipment Note that remains unpaid as of such date subsequent to the disposition of the Collateral under (and as defined in) the related Indenture and after giving effect to any distributions of the proceeds of such disposition applied under such Indenture to the payment of each such Series B Equipment Note, (ii) the outstanding principal amount of each Series B Equipment Note that remains unpaid as of such date subsequent to the scheduled date of mandatory redemption of such Series B Equipment Note following an Event of Loss with respect to the Aircraft which secured such Series B Equipment Note and after giving effect to the distributions of any proceeds in respect of such Event of Loss applied under such Indenture to the payment of each such Series B Equipment Note, (iii) the excess, if any, of (x) the outstanding amount of principal and interest as of the date of sale of each Series B Equipment Note previously sold over (y) the purchase price received with respect to the sale of such Series B Equipment Note (net of any applicable costs and expenses of sale) and (iv) the outstanding principal amount of any Series B Equipment Note with respect to which a Deemed Disposition Event has occurred; provided, however, that if more than one of the clauses (i), (ii), (iii) and (iv) is applicable to any one Series B Equipment Note, only the amount determined pursuant to the clause that first became applicable shall be counted with respect to such Series B Equipment Note.

**Deemed Disposition Event** means, in respect of any Equipment Note, the continuation of an Indenture Default in respect of such Equipment Note without an Actual Disposition Event occurring in respect of such Equipment Note for a period of five years from the date of the occurrence of such Indenture Default.

Actual Disposition Event means, in respect of any Equipment Note, (i) the disposition of the Aircraft securing such Equipment Note, (ii) the occurrence of the mandatory redemption date for such Equipment Note following an Event of Loss with respect to the Aircraft which secured such Equipment Note or (iii) the sale of such Equipment Note.

S-68

---

## **Table of Contents**

Interest Drawings under the applicable Liquidity Facility and withdrawals from the applicable Cash Collateral Account in respect of interest on the Certificates of the Class A or B Trust, as applicable, will be distributed to the Trustee for such Trust, notwithstanding the priority of distributions set forth in the Intercreditor Agreement and otherwise described herein. All amounts on deposit in the Cash Collateral Account for any such Trust that are in excess of the Required Amount will be paid to the applicable Liquidity Provider.

## **Voting of Equipment Notes**

In the event that the Subordination Agent, as the registered holder of any Equipment Note, receives a request for its consent to any amendment, supplement, modification, consent or waiver under such Equipment Note or the related Indenture (or, if applicable, the related Participation Agreement or other related document), (i) if no Indenture Default shall have occurred and be continuing with respect to such Indenture, the Subordination Agent shall request directions from the applicable Trustee and shall vote or consent in accordance with such directions and (ii) if any Indenture Default shall have occurred and be continuing with respect to such Indenture, the Subordination Agent will exercise its voting rights as directed by the Controlling Party, subject to certain limitations; *provided* that no such amendment, modification, consent or waiver shall, without the consent of the Liquidity Provider and each affected Certificateholder, reduce the amount of principal or interest payable by Continental under any Equipment Note or change the time of payments or method of calculation of any amount under any Equipment Note. (Intercreditor Agreement, Section 9.1(b))

## **List of Certificateholders**

Upon the occurrence of an Indenture Default, the Subordination Agent shall instruct the Trustee to, and the Trustee shall, request that DTC post on its Internet bulletin board a securities position listing setting forth the names of all the parties reflected on DTC's books as holding interests in the Certificates.

## **Reports**

Promptly after the occurrence of a Triggering Event or an Indenture Default resulting from the failure of Continental to make payments on any Equipment Note and on every Regular Distribution Date while the Triggering Event or such Indenture Default shall be continuing, the Subordination Agent will provide to the Trustee, the Liquidity Providers, the Rating Agencies and Continental a statement setting forth the following information:

After a bankruptcy of Continental, with respect to each Aircraft, whether such Aircraft is (i) subject to the 60-day period of Section 1110 of the U.S. Bankruptcy Code, (ii) subject to an election by Continental under Section 1110(a) of the U.S. Bankruptcy Code, (iii) covered by an agreement contemplated by Section 1110(b) of the U.S. Bankruptcy Code or (iv) not subject to any of (i), (ii) or (iii).

To the best of the Subordination Agent's knowledge, after requesting such information from Continental, (i) whether the Aircraft are currently in service or parked in storage, (ii) the maintenance status of the Aircraft and (iii) location of the Engines (as defined in the Indentures). Continental has agreed to provide such information upon request of the Subordination Agent, but no more frequently than every three months with respect to each Aircraft so long as it is subject to the lien of an Indenture.

The current Pool Balance of the Certificates, the Preferred B Pool Balance and outstanding principal amount of all Equipment Notes for all Aircraft.

The expected amount of interest which will have accrued on the Equipment Notes and on the Certificates as of the next Regular Distribution Date.



The amounts paid to each person on such Distribution Date pursuant to the Intercreditor Agreement.

Details of the amounts paid on such Distribution Date identified by reference to the relevant provision of the Intercreditor Agreement and the source of payment (by Aircraft and party).

If the Subordination Agent has made a Final Drawing under any Liquidity Facility.

S-69

---

**Table of Contents**

The amounts currently owed to each Liquidity Provider.

The amounts drawn under each Liquidity Facility.

After a Continental Bankruptcy Event, any operational reports filed by Continental with the bankruptcy court which are available to the Subordination Agent on a non-confidential basis.

**The Subordination Agent**

Wilmington Trust Company will be the Subordination Agent under the Intercreditor Agreement. Continental and its affiliates may from time to time enter into banking and trustee relationships with the Subordination Agent and its affiliates. The Subordination Agent's address is Wilmington Trust Company, 1100 North Market Street, Wilmington, Delaware 19890-0001, Attention: Corporate Trust Administration.

The Subordination Agent may resign at any time, in which event a successor Subordination Agent will be appointed as provided in the Intercreditor Agreement. The Controlling Party may remove the Subordination Agent for cause as provided in the Intercreditor Agreement. In such circumstances, a successor Subordination Agent will be appointed as provided in the Intercreditor Agreement. Any resignation or removal of the Subordination Agent and appointment of a successor Subordination Agent does not become effective until acceptance of the appointment by the successor Subordination Agent. (Intercreditor Agreement, Section 8.1)

S-70

---

**Table of Contents****DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS****The Aircraft**

The 18 aircraft to be financed pursuant to this Offering (collectively, the Aircraft ) will consist of twelve Boeing aircraft currently owned by Continental and six new Boeing aircraft. The twelve currently-owned aircraft consist of three Boeing 737-824 aircraft, four Boeing 737-924 aircraft and five Boeing 767-424ER aircraft. The six new aircraft consist of three Boeing 737-824 aircraft scheduled for delivery in December 2010 and March 2011 and three Boeing 737-924ER aircraft scheduled for delivery in December 2010 and April 2011. The Aircraft have been designed to be in compliance with Stage 3 noise level standards, which are the most restrictive regulatory standards currently in effect in the United States for aircraft noise abatement.

***Boeing 737-824 Aircraft***

The Boeing 737-824 aircraft is a medium-range aircraft with a seating capacity of approximately 160 passengers. The engine type utilized on Continental s 737-824 aircraft is the CFM International, Inc. CFM56-7B26.

***Boeing 737-924 Aircraft***

The Boeing 737-924 aircraft is a medium-range aircraft with a seating capacity of approximately 167 passengers. The engine type utilized on Continental s 737-924 aircraft is the CFM International, Inc. CFM56-7B26.

***Boeing 737-924ER Aircraft***

The Boeing 737-924ER aircraft is a medium-range aircraft with a seating capacity of approximately 173 passengers. The engine type utilized on Continental s 737-924ER aircraft is the CFM International, Inc. CFM56-7B26.

***Boeing 767-424ER Aircraft***

The Boeing 767-424ER aircraft is a long-range aircraft with a seating capacity of approximately 235 passengers. The engine type utilized on Continental s 767-424ER aircraft is the General Electric CF6-80C2B8F.

**The Appraisals**

The table below sets forth the appraised values of the aircraft that may be financed with the proceeds of this Offering, as determined by Aircraft Information Services, Inc. ( AISI ), BK Associates, Inc. ( BK ) and Morten Beyer & Agnew, Inc. ( MBA ), independent aircraft appraisal and consulting firms (the Appraisers ).

Aircraft Type(1)	Registration			Appraiser s Valuations			Appraised Value(3)
	Number	Manufacturer s Serial Number	Delivery Month(2)	AISI	BK	MBA	
Boeing 737-824	N27246	28956	November 1999	\$ 22,130,000	\$ 24,186,279	\$ 24,400,000	\$ 23,572,093
Boeing 737-824	N14249	28809	December 1999	23,050,000	25,174,515	24,970,000	24,398,172
Boeing 737-824	N33264	31584	August 2001	27,020,000	30,033,968	29,180,000	28,744,656
Boeing 737-824	N76529	31652	December 2010	59,150,000	48,000,000	46,650,000	48,000,000

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

Boeing 737-824	N77530	39998	March 2011	59,590,000	48,300,000	46,880,000	48,300,000
Boeing 737-824	N87531	39999	March 2011	59,590,000	48,300,000	46,880,000	48,300,000
Boeing 737-924	N79402	30119	July 2001	26,780,000	27,360,444	28,120,000	27,360,444
Boeing 737-924	N38403	30120	July 2001	27,060,000	26,870,000	26,460,000	26,796,667
Boeing 737-924	N72405	30122	August 2001	26,190,000	27,285,119	27,110,000	26,861,706
Boeing 737-924	N73406	30123	September 2001	26,430,000	26,490,746	28,890,000	26,490,746
Boeing 737-924ER	N38443	31655	December 2010	57,150,000	50,000,000	49,300,000	50,000,000
Boeing 737-924ER	N36444	31643	December 2010	57,150,000	50,000,000	49,300,000	50,000,000
Boeing 737-924ER	N73445	40000	April 2011	57,710,000	50,200,000	49,620,000	50,200,000
Boeing 767-424ER	N66057	29452	January 2002	42,100,000	53,177,126	46,190,000	46,190,000
Boeing 767-424ER	N67058	29453	January 2002	40,230,000	52,760,498	44,680,000	44,680,000
Boeing 767-424ER	N69059	29454	February 2002	39,810,000	53,172,380	44,890,000	44,890,000
Boeing 767-424ER	N78060	29455	February 2002	41,500,000	53,280,540	45,050,000	45,050,000
Boeing 767-424ER	N68061	29456	March 2002	40,140,000	53,479,697	45,130,000	45,130,000

*(footnotes appear on following page)*

S-71

## **Table of Contents**

- (1) The indicated registration number, manufacturer's serial number and delivery month for each new aircraft reflect our current expectations, although these may differ for the actual Aircraft financed hereunder. The financing of each currently-owned Aircraft pursuant to this Offering is expected to be effected after the existing security interest on such Aircraft has been discharged, and the financing of each new Aircraft is expected to be effected at delivery of such Aircraft by Boeing to Continental. The actual delivery date for any new aircraft may be subject to delay or acceleration. See [Timing of Financing the Aircraft](#) . Continental has certain rights to substitute other new aircraft if the scheduled delivery date of any new aircraft is delayed for more than 30 days after the month scheduled for delivery. See [Substitute Aircraft](#) .
- (2) An aircraft with a Delivery Month prior to the date of this Prospectus Supplement is a currently-owned aircraft, and an aircraft with a Delivery Month after the date of this Prospectus Supplement is a new aircraft.
- (3) The appraised value of each aircraft set forth above is the lesser of the average and median values of such aircraft as appraised by the Appraisers.

For purposes of the foregoing chart, AISI, BK and MBA each was asked to provide its opinion as to the appraised value of each aircraft. In the case of the new aircraft, such appraisals indicate appraised base value, projected as of the scheduled delivery month of the applicable aircraft, and in the case of the currently-owned Aircraft, indicate appraised base value, adjusted for the maintenance status of the Aircraft. As part of this process, all three Appraisers performed desk top appraisals without any physical inspection of the aircraft. The appraisals are based on various assumptions and methodologies, which vary among the appraisals. The Appraisers have delivered letters summarizing their respective appraisals, copies of which are annexed to this Prospectus Supplement as Appendix II. For a discussion of the assumptions and methodologies used in each of the appraisals, reference is hereby made to such summaries. In addition, we have set forth on Appendix III to this Prospectus Supplement a summary of the base value, maintenance adjustment and maintenance adjusted base value determined by each Appraiser with respect to each currently-owned Aircraft.

An appraisal is only an estimate of value. It is not indicative of the price at which an aircraft may be purchased from the manufacturer. Nor should it be relied upon as a measure of realizable value. The proceeds realized upon a sale of any Aircraft may be less than its appraised value. The value of the Aircraft in the event of the exercise of remedies under the applicable Indenture will depend on market and economic conditions, the availability of buyers, the condition of the Aircraft and other similar factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise with respect to the Equipment Notes and the Aircraft pursuant to the applicable Indenture would equal the appraised value of such Aircraft or be sufficient to satisfy in full payments due on such Equipment Notes or the Certificates.

### **Timing of Financing the Aircraft**

The new aircraft that may be financed with the proceeds of this Offering are scheduled for delivery under Continental's purchase agreements with The Boeing Company ( [Boeing](#) ) from December 2010 through April 2011. See the table under [The Appraisals](#) for the scheduled month of delivery of each such aircraft. Under such purchase agreements, delivery of an aircraft may be delayed due to [excusable delay](#) , which is defined to include, among other things, acts of God, governmental acts or failures to act, strikes or other labor troubles, inability to procure materials, or any other cause beyond Boeing's control or not occasioned by Boeing's fault or negligence.

The other Aircraft expected to be financed with the proceeds of this Offering are currently owned by Continental and subject to existing security interests. Such security interests are scheduled to be discharged prior to July 2011, and each currently-owned Aircraft will be available for financing under this Offering once such existing security interest with respect to such Aircraft has been discharged.

The Note Purchase Agreement provides that the period for financing the Aircraft under this Offering (the Delivery Period ) will expire on July 31, 2011.

If the scheduled delivery date of any new aircraft that may be financed with the proceeds of this Offering is delayed by more than 30 days after the month scheduled for delivery, Continental has the right to replace such aircraft with a Substitute Aircraft, subject to certain conditions. See Substitute Aircraft . If delivery of any such new aircraft is delayed beyond the Delivery Period Termination Date and Continental does not exercise its right to replace such aircraft with a Substitute Aircraft, there will be unused Deposits that will be distributed to

S-72

---

**Table of Contents**

Certificateholders together with accrued and unpaid interest thereon but without a premium. See Description of the Deposit Agreements Unused Deposits .

**Substitute Aircraft**

If the scheduled delivery date for any new aircraft that may be financed with the proceeds of this Offering is delayed more than 30 days after the month scheduled for delivery, Continental may identify for delivery a substitute aircraft (each, together with the substitute aircraft referred to below, a Substitute Aircraft ) therefor meeting the following conditions:

A Substitute Aircraft must be of the same model as the aircraft being replaced.

Continental will be obligated to obtain written confirmation from each Rating Agency that substituting such Substitute Aircraft for the replaced aircraft will not result in a withdrawal, suspension or downgrading of the ratings of any Class of Certificates.

S-73

---

**Table of Contents**

**DESCRIPTION OF THE EQUIPMENT NOTES**

The following summary describes the material terms of the Equipment Notes. The summary makes use of terms defined in, and is qualified in its entirety by reference to all of the provisions of, the Equipment Notes, the Indentures, the Participation Agreements and the Note Purchase Agreement, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission. Except as otherwise indicated, the following summaries relate to the Equipment Notes, the Indenture and the Participation Agreement that may be applicable to each Aircraft.

Under the Note Purchase Agreement, Continental will enter into a secured debt financing with respect to each Aircraft. The Note Purchase Agreement provides for the relevant parties to enter into a Participation Agreement and an Indenture relating to the financing of each Aircraft.

The description of such financing agreements in this Prospectus Supplement is based on the forms of such agreements annexed to the Note Purchase Agreement. However, the terms of the financing agreements actually entered into may differ from the forms of such agreements and, consequently, may differ from the description of such agreements contained in this Prospectus Supplement. Although such changes are permitted, under the Note Purchase Agreement the terms of such agreements must not vary the Required Terms. In addition, Continental will be obligated to certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders. Continental must also obtain written confirmation from each Rating Agency that the use of financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement would not result in a withdrawal, suspension or downgrading of the ratings of any Class of Certificates. See Description of the Certificates Obligation to Purchase Equipment Notes .

**General**

Equipment Notes will be issued in two series with respect to each Aircraft (the Series A Equipment Notes and the Series B Equipment Notes , collectively, the Equipment Notes ). Continental may elect to issue a single series of Additional Equipment Notes with respect to an Aircraft at any time, which will be funded from sources other than this Offering and will be subordinated in right of payment to the Equipment Notes. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates . The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture between Continental and Wilmington Trust Company, as indenture trustee thereunder (each, a Loan Trustee ).

Continental s obligations under the Equipment Notes will be general obligations of Continental.

**Subordination**

The Indentures provide for the following subordination provisions applicable to the Equipment Notes:

Series A Equipment Notes issued in respect of an Aircraft will rank senior in right of payment to other Equipment Notes issued in respect of such Aircraft.

Series B Equipment Notes issued in respect of an Aircraft will rank junior in right of payment to the Series A Equipment Notes issued in respect of such Aircraft.



If Continental elects to issue Additional Equipment Notes with respect to an Aircraft, they will be subordinated in right of payment to the Series A and Series B Equipment Notes issued with respect to such Aircraft. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates .

### **Principal and Interest Payments**

Subject to the provisions of the Intercreditor Agreement, interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust on the dates and at the rate per annum set forth on the cover page of this Prospectus Supplement with respect to Certificates issued by such Trust until the final expected Regular Distribution Date for such Trust. Subject to the provisions of the Intercreditor Agreement, principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such

S-74

---

**Table of Contents**

Trust in scheduled amounts on the dates set forth herein until the final expected Regular Distribution Date for such Trust.

Interest will be payable on the unpaid principal amount of each Equipment Note at the rate applicable to such Equipment Note on January 12 and July 12 of each year, commencing on the first such date to occur after initial issuance thereof (but not before July 12, 2011). Such interest will be computed on the basis of a 360-day year of twelve 30-day months.

Scheduled principal payments on the Equipment Notes will be made on January 12 and July 12 in certain years, commencing on January 12, 2012. See Description of the Certificates Pool Factors for a discussion of the scheduled payments of principal of the Equipment Notes and possible revisions thereto.

If any date scheduled for a payment of principal, premium (if any) or interest with respect to the Equipment Notes is not a Business Day, such payment will be made on the next succeeding Business Day, without any additional interest.

Continental is also required to pay under each Indenture such Indenture's pro rata share of the fees, the interest payable on drawings under each Liquidity Facility in excess of earnings on cash deposits from such drawings plus certain other amounts and certain other payments due to the Liquidity Provider under each Liquidity Facility and of compensation and certain expenses payable to the Pass Through Trustee and the Subordination Agent.

**Redemption**

If an Event of Loss occurs with respect to an Aircraft and such Aircraft is not replaced by Continental under the related Indenture, the Equipment Notes issued with respect to such Aircraft will be redeemed, in whole, in each case at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, but without premium, on a Special Distribution Date. (Indentures, Section 2.10)

All of the Equipment Notes issued with respect to an Aircraft may be redeemed prior to maturity at any time, at the option of Continental, only if all outstanding Equipment Notes with respect to all other Aircraft are simultaneously redeemed. In addition, Continental may elect to redeem the Series B Equipment Notes issued with respect to all Aircraft in connection with a refinancing of such Series. The redemption price for any optional redemption will be the unpaid principal amount of the relevant Equipment Notes, together with accrued and unpaid interest thereon to, but not including, the date of redemption, plus a Make-Whole Premium. (Indentures, Section 2.11) See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates .

Make-Whole Premium means, with respect to any Equipment Note, an amount (as determined by an independent investment bank of national standing) equal to the excess, if any, of (a) the present value of the remaining scheduled payments of principal and interest to maturity of such Equipment Note computed by discounting such payments on a semiannual basis on each payment date under the applicable Indenture (assuming a 360-day year of twelve 30-day months) using a discount rate equal to the Treasury Yield plus the applicable Make-Whole Spread over (b) the outstanding principal amount of such Equipment Note plus accrued interest to the date of determination. The

Make-Whole Spread applicable to each Series of Equipment Notes is set forth below:

	<b>Make Whole Spread</b>
Series A Equipment Notes	0.500%
Series B Equipment Notes	0.500%

For purposes of determining the Make-Whole Premium, Treasury Yield means, at the date of determination with respect to any Equipment Note, the interest rate (expressed as a decimal and, in the case of United States Treasury bills, converted to a bond equivalent yield) determined to be the per annum rate equal to the semiannual yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note and trading in the public securities markets either as determined by interpolation between the most recent weekly average yield to maturity for two series of United States Treasury securities trading in the public securities markets, (A) one maturing as close as possible to, but earlier than, the Average Life Date of such Equipment Note and (B) the

S-75

---

## **Table of Contents**

other maturing as close as possible to, but later than, the Average Life Date of such Equipment Note, in each case as published in the most recent H.15(519) or, if a weekly average yield to maturity for United States Treasury securities maturing on the Average Life Date of such Equipment Note is reported in the most recent H.15(519), such weekly average yield to maturity as published in such H.15(519). H.15(519) means the weekly statistical release designated as such, or any successor publication, published by the Board of Governors of the Federal Reserve System. The date of determination of a Make-Whole Premium shall be the third Business Day prior to the applicable payment or redemption date and the most recent H.15(519) means the H.15(519) published prior to the close of business on the third Business Day prior to the applicable payment or redemption date.

Average Life Date for any Equipment Note shall be the date which follows the time of determination by a period equal to the Remaining Weighted Average Life of such Equipment Note. Remaining Weighted Average Life on a given date with respect to any Equipment Note shall be the number of days equal to the quotient obtained by dividing (a) the sum of each of the products obtained by multiplying (i) the amount of each then remaining scheduled payment of principal of such Equipment Note by (ii) the number of days from and including such determination date to but excluding the date on which such payment of principal is scheduled to be made, by (b) the then outstanding principal amount of such Equipment Note.

## **Security**

### ***Aircraft***

The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and each of the other Aircraft for which Equipment Notes are outstanding and an assignment to the Loan Trustee of certain of Continental's rights under warranties with respect to the Aircraft.

Since the Equipment Notes are cross-collateralized, any proceeds from the sale of an Aircraft securing Equipment Notes or other exercise of remedies under an Indenture with respect to such Aircraft will (subject to the provisions of the U.S. Bankruptcy Code) be available for application to shortfalls with respect to obligations due under the other Equipment Notes at the time such proceeds are received. In the absence of any such shortfall, excess proceeds will be held as additional collateral by the Loan Trustee under such Indenture for such other Equipment Notes. However, if an Equipment Note ceases to be held by the Subordination Agent (as a result of sale upon the exercise of remedies or otherwise), it ceases to be entitled to the benefits of cross-collateralization.

See Appendix IV to this Prospectus Supplement for tables setting forth the projected loan to value ratios for each of the aircraft that may be financed pursuant to the Offering.

### ***Substitution for Currently-Owned Aircraft***

Continental may elect to release any currently-owned Aircraft from the security interest of the Equipment Notes and replace it with an aircraft of the same model (or, in the case of a Boeing 737-924 Aircraft, the same model, a Boeing 737-824 aircraft or a Boeing 737-924ER aircraft), so long as:

No Indenture Default has occurred and is continuing.

The replacement aircraft was manufactured not more than one year prior to the date of manufacture of the released Aircraft.

The replacement aircraft has an appraised current market value, adjusted for its maintenance status, not less than that of the released Aircraft. (Indentures, Section 4.04(f))

***Cash***

Cash, if any, held from time to time by the Loan Trustee with respect to any Aircraft, including funds held as the result of an Event of Loss to such Aircraft, will be invested and reinvested by such Loan Trustee, at the direction of Continental, in investments described in the related Indenture. (Indentures, Section 6.06)

S-76

---

## **Table of Contents**

### **Limitation of Liability**

Except as otherwise provided in the Indentures, each Loan Trustee, in its individual capacity, will not be answerable or accountable under the Indentures or under the Equipment Notes under any circumstances except, among other things, for its own willful misconduct or gross negligence. (Indentures, Section 7.01)

### **Indenture Defaults, Notice and Waiver**

Events of default under each Indenture ( **Indenture Defaults** ) will include:

The failure by Continental to pay any amount, when due, under such Indenture or under any Equipment Note issued thereunder that continues for more than ten Business Days, in the case of principal, interest or Make-Whole Premium, and, in all other cases, ten Business Days after Continental receives written notice from the related Loan Trustee.

Any representation or warranty made by Continental in such Indenture, the related Participation Agreement or certain related documents furnished to the Loan Trustee or any holder of an Equipment Note pursuant thereto being false or incorrect in any material respect when made that continues to be material and adverse to the interests of the Loan Trustee or Note Holders and remains unremedied after notice and specified cure periods.

Failure by Continental to perform or observe any covenant or obligation for the benefit of the Loan Trustee or holders of Equipment Notes under such Indenture or certain related documents that continues after notice and specified cure periods.

The lapse or cancellation of insurance required under such Indenture.

The occurrence of an Indenture Default under any other Indenture.

The occurrence of certain events of bankruptcy, reorganization or insolvency of Continental. (Indentures, Section 5.01)

The holders of a majority in principal amount of the outstanding Equipment Notes issued with respect to any Aircraft, by notice to the Loan Trustee, may on behalf of all the holders waive any existing default and its consequences under the Indenture with respect to such Aircraft, except a default in the payment of the principal of, or premium or interest on any such Equipment Notes or a default in respect of any covenant or provision of such Indenture that cannot be modified or amended without the consent of each holder of Equipment Notes. (Indentures, Section 5.06) See

Description of the Intercreditor Agreement Voting of Equipment Notes regarding the persons entitled to direct the vote of Equipment Notes.

### **Remedies**

If an Indenture Default (other than certain events of bankruptcy, reorganization or insolvency) occurs and is continuing under an Indenture, the related Loan Trustee or the holders of a majority in principal amount of the Equipment Notes outstanding under such Indenture may declare the principal of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon. If certain events of bankruptcy, reorganization or insolvency occur with respect to Continental, such amounts shall be due and payable without any declaration or other act on the part of the related Loan Trustee or holders of Equipment Notes. The

holders of a majority in principal amount of Equipment Notes outstanding under an Indenture may rescind any declaration of acceleration of such Equipment Notes at any time before the judgment or decree for the payment of the money so due shall be entered if (i) there has been paid to the related Loan Trustee an amount sufficient to pay all principal, interest and premium, if any, on any such Equipment Notes, to the extent such amounts have become due otherwise than by such declaration of acceleration and (ii) all other Indenture Defaults and incipient Indenture Defaults with respect to any covenant or provision of such Indenture have been cured. (Indentures, Section 5.02(b))

Each Indenture provides that if an Indenture Default under such Indenture has occurred and is continuing, the related Loan Trustee may exercise certain rights or remedies available to it under such Indenture or under applicable law.

S-77

---

## **Table of Contents**

In the case of Chapter 11 bankruptcy proceedings in which an air carrier is a debtor, Section 1110 of the U.S. Bankruptcy Code ( Section 1110 ) provides special rights to holders of security interests with respect to equipment (defined as described below). Under Section 1110, the right of such holders to take possession of such equipment in compliance with the provisions of a security agreement is not affected by any provision of the U.S. Bankruptcy Code or any power of the bankruptcy court. Such right to take possession may not be exercised for 60 days following the date of commencement of the reorganization proceedings. Thereafter, such right to take possession may be exercised during such proceedings unless, within the 60-day period or any longer period consented to by the relevant parties, the debtor agrees to perform its future obligations and cures all existing and future defaults on a timely basis. Defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor need not be cured.

Equipment is defined in Section 1110, in part, as an aircraft, aircraft engine, propeller, appliance, or spare part (as defined in Section 40102 of Title 49 of the U.S. Code) that is subject to a security interest granted by, leased to, or conditionally sold to a debtor that, at the time such transaction is entered into, holds an air carrier operating certificate issued pursuant to chapter 447 of Title 49 of the U.S. Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo. Rights under Section 1110 are subject to certain limitations in the case of equipment first placed in service on or prior to October 22, 1994.

It is a condition to the Trustees' obligation to purchase Equipment Notes with respect to each Aircraft that outside counsel to Continental, which is expected to be Hughes Hubbard & Reed LLP, provide its opinion to the Trustees that the Loan Trustees will be entitled to the benefits of Section 1110 with respect to the airframe and engines comprising such Aircraft, assuming that, at the time of such transaction, Continental holds an air carrier operating certificate issued pursuant to chapter 447 of Title 49 of the U.S. Code for aircraft capable of carrying ten or more individuals or 6,000 pounds or more of cargo. For a description of certain limitations on the Loan Trustees' exercise of rights contained in the Indenture, see Indenture Defaults, Notice and Waiver .

The opinion of Hughes Hubbard & Reed LLP will not address the possible replacement of an Aircraft after an Event of Loss in the future, the consummation of which is conditioned upon the contemporaneous delivery of an opinion of counsel to the effect that the related Loan Trustee will be entitled to Section 1110 benefits with respect to such replacement unless there is a change in law or court interpretation that results in Section 1110 not being available. See Certain Provisions of the Indentures Events of Loss . The opinion of Hughes Hubbard & Reed LLP will also not address the availability of Section 1110 with respect to any possible lessee of an Aircraft if it is leased by Continental.

If an Indenture Default under any Indenture occurs and is continuing, any sums held or received by the related Loan Trustee may be applied to reimburse such Loan Trustee for any tax, expense or other loss incurred by it and to pay any other amounts due to such Loan Trustee prior to any payments to holders of the Equipment Notes issued under such Indenture. (Indentures, Section 3.03)

## **Modification of Indentures**

Without the consent of holders of a majority in principal amount of the Equipment Notes outstanding under any Indenture, the provisions of such Indenture and the related Participation Agreement may not be amended or modified, except to the extent indicated below.

Without the consent of the Liquidity Provider and the holder of each Equipment Note outstanding under any Indenture affected thereby, no amendment or modification of such Indenture may among other things (a) reduce the principal amount of, or premium, if any, or interest payable on, any Equipment Notes issued under such Indenture or change the date on which any principal, premium, if any, or interest is due and payable, (b) permit the creation of any security interest with respect to the property subject to the lien of such Indenture, except as provided in such Indenture, or deprive any holder of an Equipment Note issued under such Indenture of the benefit of the lien of such Indenture upon



the property subject thereto or (c) modify the percentage of holders of Equipment Notes issued under such Indenture required to take or approve any action under such Indenture. (Indentures, Section 10.01(a))

Any Indenture may be amended without the consent of the holders of Equipment Notes to, among other things, cure any defect or inconsistency in such Indenture or the Equipment Notes issued thereunder (provided that such

S-78

---

## **Table of Contents**

change does not adversely affect the interests of any such holder) or provide for the re-issuance thereunder of Series B Equipment Notes or the issuance thereunder of a single series of Additional Equipment Notes (and the re-issuance of Series B Equipment Notes or issuance of Additional Equipment Notes under other Indentures) and any related credit support arrangements. See Possible Issuance of Additional Junior Certificates and Refinancing of Certificates (Indentures, Section 10.01(b))

## **Indemnification**

Continental will be required to indemnify each Loan Trustee, each Liquidity Provider, the Subordination Agent, the Escrow Agent and each Trustee, but not the holders of Certificates, for certain losses, claims and other matters.

## **Certain Provisions of the Indentures**

### ***Maintenance***

Continental is obligated under each Indenture, among other things and at its expense, to keep each Aircraft duly registered and insured, and to maintain, service, repair and overhaul the Aircraft so as to keep it in as good an operating condition as when delivered to Continental, ordinary wear and tear excepted, and in such condition as required to maintain the airworthiness certificate for the Aircraft in good standing at all times. (Indentures, Section 4.02)

### ***Possession, Lease and Transfer***

Each Aircraft may be operated by Continental or, subject to certain restrictions, by certain other persons. Normal interchange agreements with respect to the Airframe and normal interchange, pooling and borrowing agreements with respect to any Engine, in each case customary in the commercial airline industry, are permitted. Leases are also permitted to U.S. air carriers and foreign air carriers that have their principal executive office in certain specified countries, subject to a reasonably satisfactory legal opinion that, among other things, such country would recognize the Loan Trustee's security interest in respect of the applicable Aircraft. In addition, a lessee may not be subject to insolvency or similar proceedings at the commencement of such lease. (Indentures, Section 4.02) Permitted foreign air carriers are not limited to those based in a country that is a party to the Convention on the International Recognition of Rights in Aircraft (Geneva 1948) (the Convention) or the Cape Town Treaty. It is uncertain to what extent the relevant Loan Trustee's security interest would be recognized if an Aircraft is registered or located in a jurisdiction not a party to the Convention or the Cape Town Treaty. Moreover, in the case of an Indenture Default, the ability of the related Loan Trustee to realize upon its security interest in an Aircraft could be adversely affected as a legal or practical matter if such Aircraft were registered or located outside the United States.

### ***Registration***

Continental is required to keep each Aircraft duly registered under the Transportation Code with the FAA and to record each Indenture and certain other documents under the Transportation Code. In addition, Continental is required to register the international interests created pursuant to the Indenture under the Cape Town Treaty. (Indentures, Section 4.02(e)) Such recordation of the Indenture and certain other documents with respect to each Aircraft will give the relevant Loan Trustee a first-priority, perfected security interest in such Aircraft under U.S. law. If such Aircraft is located outside the United States, under U.S. law the effect of such perfection and the priority of such security interest will be governed by the law of the jurisdiction where such Aircraft is located. The Convention provides that such security interest will be recognized, with certain limited exceptions, in those jurisdictions that have ratified or adhere to the Convention. The Cape Town Treaty provides that a registered international interest has priority over a subsequently registered interest and over an unregistered interest for purposes of the law of those jurisdictions that

have ratified the Cape Town Treaty. There are many jurisdictions in the world that have not ratified either the Convention or the Cape Town Treaty, and the Aircraft may be located in any such jurisdiction from time to time.

So long as no Indenture Default exists, Continental has the right to register any Aircraft in a country other than the United States at its own expense in connection with a permitted lease of the Aircraft to a permitted foreign air

S-79

---

## **Table of Contents**

carrier, subject to certain conditions set forth in the related Indenture. These conditions include a requirement that an opinion of counsel be provided that the lien of the applicable Indenture will continue as a first priority security interest in the applicable Aircraft. (Indentures, Section 4.02(e)).

### ***Liens***

Continental is required to maintain each Aircraft free of any liens, other than the rights of the relevant Loan Trustee, the holders of the Equipment Notes and Continental arising under the applicable Indenture or the other operative documents related thereto, and other than certain limited liens permitted under such documents, including but not limited to (i) liens for taxes either not yet due or being contested in good faith by appropriate proceedings; (ii) materialmen's, mechanics' and other similar liens arising in the ordinary course of business and securing obligations that either are not yet delinquent for more than 60 days or are being contested in good faith by appropriate proceedings; (iii) judgment liens so long as such judgment is discharged or vacated within 60 days or the execution of such judgment is stayed pending appeal or discharged, vacated or reversed within 60 days after expiration of such stay; and (iv) any other lien as to which Continental has provided a bond or other security adequate in the reasonable opinion of the Loan Trustee; provided that in the case of each of the liens described in the foregoing clauses (i), (ii) and (iii), such liens and proceedings do not involve any material risk of the sale, forfeiture or loss of such Aircraft or the interest of the Loan Trustee therein or impair the lien of the relevant Indenture. (Indentures, Section 4.01)

### ***Replacement of Parts; Alterations***

Continental is obligated to replace all parts at its expense that may from time to time be incorporated or installed in or attached to any Aircraft and that may become lost, damaged beyond repair, worn out, stolen, seized, confiscated or rendered permanently unfit for use. Continental or any permitted lessee has the right, at its own expense, to make such alterations, modifications and additions with respect to each Aircraft as it deems desirable in the proper conduct of its business and to remove parts which it deems to be obsolete or no longer suitable or appropriate for use, so long as such alteration, modification, addition or removal does not materially diminish the fair market value, utility, condition or useful life of the related Aircraft or Engine or invalidate the Aircraft's airworthiness certificate. (Indentures, Section 4.04(d))

### ***Insurance***

Continental is required to maintain, at its expense (or at the expense of a permitted lessee), all-risk aircraft hull insurance covering each Aircraft, at all times in an amount not less than the unpaid principal amount of the Equipment Notes relating to such Aircraft together with six months of interest accrued thereon (the "Debt Balance"). However, after giving effect to self-insurance permitted as described below, the amount payable under such insurance may be less than such amounts payable with respect to the Equipment Notes. In the event of a loss involving insurance proceeds in excess of \$7,500,000 per occurrence in the case of a Boeing 767-424ER Aircraft and \$5,000,000 per occurrence in the case of a Boeing 737-824, 737-924 or 737-924ER Aircraft, such proceeds up to the Debt Balance of the relevant Aircraft will be payable to the applicable Loan Trustee, for so long as the relevant Indenture shall be in effect. In the event of a loss involving insurance proceeds of up to the amount per occurrence set forth in the preceding sentence with respect to the relevant model of Aircraft, such proceeds will be payable directly to Continental so long as no Indenture Default exists under the related Indenture. So long as the loss does not constitute an Event of Loss, insurance proceeds will be applied to repair or replace the property. (Indentures, Section 4.06 and Annex B)

In addition, Continental is obligated to maintain comprehensive airline liability insurance at its expense (or at the expense of a permitted lessee), including, without limitation, passenger liability, baggage liability, cargo and mail liability, hangarkeeper's liability and contractual liability insurance with respect to each Aircraft. Such liability insurance must be underwritten by insurers of nationally or internationally recognized responsibility. The amount of

such liability insurance coverage per occurrence may not be less than the amount of comprehensive airline liability insurance from time to time applicable to aircraft owned or leased and operated by Continental of the same type and operating on similar routes as such Aircraft. (Indentures, Section 4.06 and Annex B)

S-80

---

**Table of Contents**

Continental is also required to maintain war-risk, hijacking and allied perils insurance if it (or any permitted lessee) operates any Aircraft, Airframe or Engine in any area of recognized hostilities or if Continental (or any permitted lessee) maintains such insurance with respect to other aircraft operated on the same international routes or areas on or in which the Aircraft is operated. (Indentures, Section 4.06 and Annex B)

Continental may self-insure under a program applicable to all aircraft in its fleet, but the amount of such self-insurance in the aggregate may not exceed 50% of the largest replacement value of any single aircraft in Continental's fleet or 11/2% of the average aggregate insurable value (during the preceding policy year) of all aircraft on which Continental carries insurance, whichever is less, unless an insurance broker of national standing shall certify that the standard among all other major U.S. airlines is a higher level of self-insurance, in which case Continental may self-insure the Aircraft to such higher level. In addition, Continental may self-insure to the extent of any applicable deductible per Aircraft that does not exceed industry standards for major U.S. airlines. (Indentures, Section 4.06 and Annex B)

In respect of each Aircraft, Continental is required to name as additional insured parties the Loan Trustees, the holders of the Equipment Notes and the Liquidity Provider under all liability, hull and property and war risk, hijacking and allied perils insurance policies required with respect to such Aircraft. In addition, the insurance policies will be required to provide that, in respect of the interests of such additional insured persons, the insurance shall not be invalidated or impaired by any act or omission of Continental, any permitted lessee or any other person. (Indentures, Section 4.06 and Annex B)

***Events of Loss***

If an Event of Loss occurs with respect to the Airframe or the Airframe and Engines of an Aircraft, Continental must elect within 45 days after such occurrence either to make payment with respect to such Event of Loss or to replace such Airframe and any such Engines. Not later than the first Business Day following the earlier of (i) the 120th day following the date of occurrence of such Event of Loss, and (ii) the fourth Business Day following the receipt of the insurance proceeds in respect of such Event of Loss, Continental must either (i) pay to the Loan Trustee the outstanding principal amount of the Equipment Notes, together with certain additional amounts, but, in any case, without any Make-Whole Premium or (ii) unless an Indenture Default or failure to pay principal or interest under the Indenture or certain bankruptcy defaults shall have occurred and is continuing, substitute an airframe (or airframe and one or more engines, as the case may be) for the Airframe, or Airframe and Engine(s), that suffered such Event of Loss. (Indentures, Sections 2.10 and 4.05(a))

If Continental elects to replace an Airframe (or Airframe and one or more Engines, as the case may be) that suffered such Event of Loss, it shall subject such an airframe (or airframe and one or more engines) to the lien of the Indenture, and such replacement airframe or airframe and engines must be the same model as the Airframe or Airframe and Engines to be replaced or an improved model, with a value, utility and remaining useful life (without regard to hours or cycles remaining until the next regular maintenance check) at least equal to the Airframe or Airframe and Engines to be replaced, assuming that such Airframe and such Engines had been maintained in accordance with the related Indenture. Continental is also required to provide to the relevant Loan Trustee reasonably acceptable opinions of counsel to the effect, among other things, that (i) certain specified documents have been duly filed under the Transportation Code and (ii) such Loan Trustee will be entitled to receive the benefits of Section 1110 of the U.S. Bankruptcy Code with respect to any such replacement airframe (unless, as a result of a change in law or court interpretation, such benefits are not then available). (Indentures, Section 4.05(c))

If Continental elects not to replace such Airframe, or Airframe and Engine(s), then upon payment of the outstanding principal amount of the Equipment Notes issued with respect to such Aircraft, together with accrued and unpaid interest thereon and all additional amounts then due and unpaid with respect to such Aircraft, the lien of the Indenture shall terminate with respect to such Aircraft, and the obligation of Continental thereafter to make interest and principal

payments with respect thereto shall cease. (Indentures, Sections 2.10, 3.02 and 4.05(a)(ii))

If an Event of Loss occurs with respect to an Engine alone, Continental will be required to replace such Engine within 60 days after the occurrence of such Event of Loss with another engine, free and clear of all liens (other than certain permitted liens). Such replacement engine shall be the same make and model as the Engine to be replaced, or an improved model, suitable for installation and use on the Airframe, and having a value, utility and remaining

S-81

---

**Table of Contents**

useful life (without regard to hours or cycles remaining until overhaul) at least equal to the Engine to be replaced, assuming that such Engine had been maintained in accordance with the relevant Indenture. (Indentures, Section 4.05)

An Event of Loss with respect to an Aircraft, Airframe or any Engine means any of the following events with respect to such property:

The destruction of such property, damage to such property beyond economic repair or rendition of such property permanently unfit for normal use.

The actual or constructive total loss of such property or any damage to such property or requisition of title or use of such property which results in an insurance settlement with respect to such property on the basis of a total loss or a constructive or compromised total loss.

Any theft, hijacking or disappearance of such property for a period of 180 consecutive days or more.

Any seizure, condemnation, confiscation, taking or requisition of title to such property by any governmental entity or purported governmental entity (other than a U.S. government entity) for a period exceeding 180 consecutive days.

As a result of any law, rule, regulation, order or other action by the FAA or any governmental entity, the use of such property in the normal course of Continental's business of passenger air transportation is prohibited for 180 consecutive days, unless Continental, prior to the expiration of such 180-day period, shall have undertaken and shall be diligently carrying forward steps which are necessary or desirable to permit the normal use of such property by Continental, but in any event if such use shall have been prohibited for a period of two consecutive years, provided that no Event of Loss shall be deemed to have occurred if such prohibition has been applicable to Continental's entire U.S. registered fleet of similar property and Continental, prior to the expiration of such two-year period, shall have conformed at least one unit of such property in its fleet to the requirements of any such law, rule, regulation, order or other action and commenced regular commercial use of the same and shall be diligently carrying forward, in a manner which does not discriminate against applicable property in so conforming such property, steps which are necessary or desirable to permit the normal use of such property by Continental, but in any event if such use shall have been prohibited for a period of three years.

With respect to any Engine, any divestiture of title to such Engine in connection with pooling or certain other arrangements shall be treated as an Event of Loss. (Indentures, Annex A)



**Table of Contents**

**POSSIBLE ISSUANCE OF ADDITIONAL JUNIOR CERTIFICATES AND  
REFINANCING OF CERTIFICATES**

**Issuance of Additional Junior Certificates**

Continental may elect to issue a single additional series of equipment notes (the **Additional Equipment Notes** ) at any time after the Delivery Period Termination Date with respect to any Aircraft, which will be funded from sources other than this offering (the **Offering** ) but will be issued under the same Indenture as the Equipment Notes for such Aircraft. Any Additional Equipment Note issued under an Indenture will be subordinated in right of payment to the Series A and Series B Equipment Notes issued under such Indenture. Continental will fund the sale of any Additional Equipment Notes through the sale of pass through certificates (the **Additional Junior Certificates** ) issued by a single Continental Airlines pass through trust (an **Additional Trust** ). There will be no liquidity facility with respect to Additional Junior Certificates.

The Trustee of any Additional Trust (the **Additional Trustee** ) will become a party to the Intercreditor Agreement, and the Intercreditor Agreement will be amended by written agreement of Continental and the Subordination Agent to provide for the subordination of the Additional Junior Certificates to the Administration Expenses, the Liquidity Obligations and the Class A and Class B Certificates. The priority of distributions under the Intercreditor Agreement may be revised, however, to provide for distribution of **Adjusted Interest** with respect to the Additional Junior Certificates (calculated in a manner substantially similar to the calculation of Class B Adjusted Interest) after Class B Adjusted Interest, but before Expected Distributions on the Class A Certificates.

The holders of Additional Junior Certificates will have the right to purchase all of the Class A and B Certificates under certain circumstances after a bankruptcy of Continental. See **Description of the Certificates Purchase Rights of Certificateholders** . In addition, the Additional Trustee will be the Controlling Party upon payment of Final Distributions to the holders of the Class B Certificates, subject to the rights of the Liquidity Providers to be the Controlling Party under certain circumstances. See **Description of the Intercreditor Agreement Intercreditor Rights** .

Any such issuance of Additional Equipment Notes and Additional Junior Certificates, and any such amendment of the Intercreditor Agreement (and any amendment of an Indenture in connection with such issuance) is contingent upon each Rating Agency providing written confirmation that such actions will not result in a withdrawal, suspension, or downgrading of the rating of any Class of Certificates.

**Refinancing of Certificates**

Continental may elect to redeem and re-issue Series B Equipment Notes then outstanding (any such re-issued Equipment Notes, the **Refinancing Equipment Notes** ) in respect of all (but not less than all) of the Aircraft. In such case, Continental will fund the sale of such Refinancing Equipment Notes through the sale of pass through certificates (the **Refinancing Certificates** ) issued by a Continental Airlines pass through trust (the **Refinancing Trust** ). The Refinancing Certificates relating to the refinanced Series B Equipment Notes may have the benefit of a liquidity facility.

The Trustee of the Refinancing Trust will become a party to the Intercreditor Agreement, and the Intercreditor Agreement will be amended by written agreement of Continental and the Subordination Agent to provide for the subordination of the Refinancing Certificates to the Administration Expenses, the Liquidity Obligations and the Class A Certificates in the same manner that the refinanced Class B Certificates were subordinated. Such issuance of Refinancing Equipment Notes and Refinancing Certificates, and any such amendment of the Intercreditor Agreement

(and any amendment of an Indenture in connection with such re-issuance) is contingent upon each Rating Agency providing written confirmation that such actions will not result in a withdrawal, suspension, or downgrading of the rating of any Class of Certificates that remains outstanding.

S-83

---

Table of Contents**CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES****General**

The following summary describes all material generally applicable U.S. federal income tax consequences to Certificateholders of the purchase, ownership and disposition of the Certificates and in the opinion of Hughes Hubbard & Reed LLP, special tax counsel to Continental ( Tax Counsel ), is accurate in all material respects with respect to the matters discussed therein. Except as otherwise specified, the summary is addressed to beneficial owners of Certificates that are citizens or residents of the United States, corporations created or organized in or under the laws of the United States or any state therein or the District of Columbia, estates the income of which is subject to U.S. federal income taxation regardless of its source, or trusts that meet the following two tests: (a) a U.S. court is able to exercise primary supervision over the administration of the trust and (b) one or more U.S. fiduciaries have the authority to control all substantial decisions of the trust ( U.S. Persons ) that will hold the Certificates as capital assets ( U.S. Certificateholders ). This summary does not address the tax treatment of U.S. Certificateholders that may be subject to special tax rules, such as banks, insurance companies, dealers in securities or commodities, partnerships, holders subject to the mark-to-market rules, tax-exempt entities, holders that will hold Certificates as part of a straddle or holders that have a functional currency other than the U.S. Dollar, nor, except as otherwise specified, does it address the tax treatment of U.S. Certificateholders that do not acquire Certificates at the public offering price as part of the initial offering. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase Certificates. This summary does not describe any tax consequences arising under the laws of any state, locality or taxing jurisdiction other than the United States nor does it describe consequences of the U.S. federal Medicare contribution tax on investment income.

The summary is based upon the tax laws and practice of the United States as in effect on the date of this Prospectus Supplement, as well as judicial and administrative interpretations thereof (in final or proposed form) available on or before such date. All of the foregoing are subject to change, which change could apply retroactively. We have not sought any ruling from the U.S. Internal Revenue Service (the IRS ) with respect to the tax consequences described below, and we cannot assure you that the IRS will not take contrary positions. The Trusts are not indemnified for any U.S. federal income taxes that may be imposed upon them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificateholders of such Trust. **Prospective investors should consult their own tax advisors with respect to the federal, state, local and foreign tax consequences to them of the purchase, ownership and disposition of the Certificates.**

**Tax Status of the Trusts**

In the opinion of Tax Counsel, while there is no authority addressing the characterization of entities that are similar to the Trusts in all material respects, each of the Original Trusts should be classified as a grantor trust for U.S. federal income tax purposes. If, as may be the case, the Original Trusts are not classified as grantor trusts, they will, in the opinion of Tax Counsel, be classified as partnerships for U.S. federal income tax purposes and will not be classified as publicly traded partnerships taxable as corporations provided that at least 90% of each Original Trust's gross income for each taxable year of its existence is qualifying income (which is defined to include, among other things, interest income, gain from the sale or disposition of capital assets held for the production of interest income, and income derived with respect to a business of investing in securities). Tax Counsel believes that income derived by the Original Trusts from the Equipment Notes will constitute qualifying income and that the Trusts therefore will meet the 90% test described above, assuming that the Original Trusts operate in accordance with the terms of the Pass Through Trust Agreements and other agreements to which they are parties. In the opinion of Tax Counsel, the Successor Trusts will be classified as grantor trusts.

**Taxation of Certificateholders Generally**

*Trusts Classified as Grantor Trusts*

Assuming that a Trust is classified as a grantor trust, a U.S. Certificateholder will be treated as owning its pro rata undivided interest in the relevant Deposits and each of the Equipment Notes held by the Trust, the Trust's contractual

S-84

---

**Table of Contents**

rights and obligations under the Note Purchase Agreement, and any other property held by the Trust. Accordingly, each U.S. Certificateholder's share of interest paid on Equipment Notes will be taxable as ordinary income, as it is paid or accrued, in accordance with such U.S. Certificateholder's method of accounting for U.S. federal income tax purposes, and a U.S. Certificateholder's share of premium, if any, paid on redemption of an Equipment Note will be treated as capital gain. The Deposits will likely be subject to the short-term obligation rules, with the result that a U.S. Certificateholder using the cash method of accounting will be required to defer interest deductions with respect to the debt incurred to purchase or carry an interest in a Deposit unless the U.S. Certificateholder elects to include income from the Deposit using the accrual method of accounting. Any amounts received by a Trust under a Liquidity Facility in order to make interest payments will be treated for U.S. federal income tax purposes as having the same characteristics as the payments they replace.

In the case of a subsequent purchaser of a Certificate, the purchase price for the Certificate should be allocated among the relevant Deposits and the assets held by the relevant Trust (including the Equipment Notes and the rights and obligations under the Note Purchase Agreement with respect to Equipment Notes not theretofore issued) in accordance with their relative fair market values at the time of purchase. Any portion of the purchase price allocable to the right and obligation under the Note Purchase Agreement to acquire an Equipment Note should be included in the purchaser's basis in its share of the Equipment Note when issued. Although the matter is not entirely clear, in the case of a purchaser after initial issuance of the Certificates but prior to the Delivery Period Termination Date, if the purchase price reflects a negative value associated with the obligation to acquire an Equipment Note pursuant to the Note Purchase Agreement being burdensome under conditions existing at the time of purchase (e.g., as a result of the interest rate on the unissued Equipment Notes being below market at the time of purchase of a Certificate), such negative value probably would be added to such purchaser's basis in its interest in the Deposits and the remaining assets of the Trust and reduce such purchaser's basis in its share of the Equipment Notes when issued. The preceding two sentences do not apply to purchases of Certificates following the Delivery Period Termination Date.

A U.S. Certificateholder who is treated as purchasing an interest in an Equipment Note at a market discount (generally, at a cost less than its remaining principal amount) that exceeds a statutorily defined de minimis amount will be subject to the market discount rules of the Code. These rules provide, in part, that gain on the sale or other disposition of a debt instrument with a term of more than one year and partial principal payments (including partial redemptions) on such a debt instrument are treated as ordinary income to the extent of accrued but unrecognized market discount. The market discount rules also provide for deferral of interest deductions with respect to debt incurred or continued to purchase or carry a debt instrument that has market discount. A U.S. Certificateholder who purchases an interest in an Equipment Note at a premium may elect to amortize the premium as an offset to interest income on the Equipment Note under rules prescribed by the Code and Treasury regulations promulgated under the Code.

Each U.S. Certificateholder will be entitled to deduct, consistent with its method of accounting, its pro rata share of fees and expenses paid or incurred by the corresponding Trust as provided in Section 162 or 212 of the Code. Certain fees and expenses, including fees paid to the Trustee and the Liquidity Provider, will be borne by parties other than the Certificateholders. It is possible that such fees and expenses will be treated as constructively received by the Trust, in which event a U.S. Certificateholder will be required to include in income and will be entitled to deduct its pro rata share of such fees and expenses. If a U.S. Certificateholder is an individual, estate or trust, the deduction for such holder's share of such fees or expenses will be allowed only to the extent that all of such holder's miscellaneous itemized deductions, including such holder's share of such fees and expenses, exceed 2% of such holder's adjusted gross income. In addition, in the case of U.S. Certificateholders who are individuals, certain otherwise allowable itemized deductions will be subject generally to additional limitations on itemized deductions under applicable provisions of the Code.

***Original Trusts Classified as Partnerships***

If an Original Trust is classified as a partnership (and not as a publicly traded partnership taxable as a corporation) for U.S. federal income tax purposes, income or loss with respect to the assets held by the Trust will be calculated at the Trust level, but the Trust itself will not be subject to U.S. federal income tax. A U.S. Certificateholder would be required to report its share of the Trust's items of income and deduction on its tax return for its taxable year within

S-85

---

## **Table of Contents**

which the Trust's taxable year (which should be a calendar year) ends as well as income from its interest in the relevant Deposits. A U.S. Certificateholder's basis in its interest in the Trust would be equal to its purchase price therefor including its share of any funds withdrawn from the Depository and used to purchase Equipment Notes, plus its share of the Trust's net income, minus its share of any net losses of the Trust, and minus the amount of any distributions from the Trust. In the case of an original purchaser of a Certificate that is a calendar year taxpayer, income or loss generally should be the same as it would be if the Trust were classified as a grantor trust, except that income or loss would be reported on an accrual basis even if the U.S. Certificateholder otherwise uses the cash method of accounting. A subsequent purchaser, however, generally would be subject to tax on the same basis as an original holder with respect to its interest in the Original Trust, and would not be subject to the market discount rules or the bond premium rules during the duration of the Original Trust, except that it is possible that, in the case of a subsequent purchaser that purchases Certificates at a time when the total adjusted tax basis of the Trust's assets exceeds their fair market value by more than \$250,000, taxable income would be computed as if the adjusted basis of the Trust's assets were reduced by the amount of such excess.

## **Effect of Reallocation of Payments under the Intercreditor Agreement**

In the event that the Class B Trust receives less than the full amount of the interest, principal or premium paid with respect to the Equipment Notes held by it because of the subordination of the Class B Trust under the Intercreditor Agreement, the corresponding owners of beneficial interests in the Class B Certificates would probably be treated for federal income tax purposes as if they had:

received as distributions their full share of interest, principal or premium;

paid over to the holders of Class A Certificates an amount equal to their share of the amount of the shortfall; and

retained the right to reimbursement of the amount of the shortfall to the extent of future amounts payable to them on account of the shortfall.

Under this analysis:

Class B Certificateholders incurring a shortfall would be required to include as current income any interest or other income of the Class B Trust that was a component of the shortfall, even though that amount was in fact paid to the holders of Class A Certificates;

a loss would only be allowed to Class B Certificateholders when their right to receive reimbursement of the shortfall becomes worthless; that is, when it becomes clear that funds will not be available from any source to reimburse the shortfall; and

reimbursement of the shortfall before a claim of worthlessness would not be taxable income to the Class B Certificateholders because the amount reimbursed would have been previously included in income.

These results should not significantly affect the inclusion of income for Class B Certificateholders on the accrual method of accounting, but could accelerate inclusion of income to Class B Certificateholders on the cash method of accounting by, in effect, placing them on the accrual method.

## **Dissolution of Original Trusts and Formation of New Trusts**

Assuming that the Original Trusts are classified as grantor trusts, the dissolution of an Original Trust and distribution of interests in the related Successor Trust will not be a taxable event to U.S. Certificateholders, who will continue to be treated as owning their shares of the property transferred from the Original Trust to the Successor Trust. If the Original Trusts are classified as partnerships, a U.S. Certificateholder will be deemed to receive its share of the Equipment Notes and any other property transferred by the Original Trust to the Successor Trust in liquidation of its interest in the Original Trust in a non-taxable transaction. In such case, the U.S. Certificateholder's basis in the property so received will be equal to its basis in its interest in the Original Trust, allocated among the various assets received based upon their bases in the hands of the Original Trust and any unrealized appreciation or depreciation in value in such assets, and the U.S. Certificateholder's holding period for the Equipment Notes and other property will include the Original Trust's holding period.

S-86

---



## **Table of Contents**

### **Sale or Other Disposition of the Certificates**

Upon the sale, exchange or other disposition of a Certificate, a U.S. Certificateholder generally will recognize capital gain or loss (subject to the possible recognition of ordinary income under the market discount rules) equal to the difference between the amount realized on the disposition (other than any amount attributable to accrued interest which will be taxable as ordinary income and any amount attributable to any Deposits) and the U.S. Certificateholder's adjusted tax basis in the Note Purchase Agreement, Equipment Notes and any other property held by the corresponding Trust. Any such gain or loss will be long-term capital gain or loss to the extent attributable to property held by the Trust for more than one year. In the case of individuals, estates and trusts, the maximum rate of tax on net long-term capital gains generally is 15%. After December 31, 2010, this maximum rate is scheduled to return to the previous maximum rate of 20%. Any gain with respect to an interest in a Deposit will likely be treated as ordinary income. Notwithstanding the foregoing, if the Original Trusts are classified as partnerships, gain or loss with respect to a disposition of an interest in an Original Trust will be calculated and characterized by reference to the U.S. Certificateholder's adjusted tax basis and holding period for its interest in the Original Trust.

### **Foreign Certificateholders**

Subject to the discussion of backup withholding below, payments of principal and interest on the Equipment Notes to, or on behalf of, any beneficial owner of a Certificate that is for U.S. federal income tax purposes a nonresident alien (other than certain former United States citizens or residents), foreign corporation, foreign trust, or foreign estate (a non-U.S. Certificateholder) will not be subject to U.S. federal withholding tax provided that:

the non-U.S. Certificateholder does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of Continental;

the non-U.S. Certificateholder is not a bank receiving interest pursuant to a loan agreement entered into in the ordinary course of its trade or business, or a controlled foreign corporation for U.S. tax purposes that is related to Continental; and

certain certification requirements (including identification of the beneficial owner of the Certificate) are complied with.

Any capital gain realized upon the sale, exchange, retirement or other disposition of a Certificate or upon receipt of premium paid on an Equipment Note by a non-U.S. Certificateholder will not be subject to U.S. federal income or withholding taxes if (i) such gain is not effectively connected with a U.S. trade or business of the holder and (ii) in the case of an individual, such holder is not present in the United States for 183 days or more in the taxable year of the sale, exchange, retirement or other disposition or receipt.

### **Backup Withholding**

Payments made on the Certificates and proceeds from the sale of Certificates will not be subject to a backup withholding tax (currently at the rate of 28%, although the rate is currently scheduled to increase to 31% after December 31, 2010) unless, in general, the Certificateholder fails to comply with certain reporting procedures or otherwise fails to establish an exemption from such tax under applicable provisions of the Code.

**Table of Contents**

**CERTAIN DELAWARE TAXES**

The Trustee is a Delaware banking corporation with its corporate trust office in Delaware. In the opinion of Morris James LLP, Wilmington, Delaware, counsel to the Trustee, under currently applicable law, assuming that the Trusts will not be taxable as corporations, but, rather, will be classified as grantor trusts under subpart E, Part I of Subchapter J of the Code or as partnerships under Subchapter K of the Code, (i) the Trusts will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Delaware or any political subdivision thereof and (ii) Certificateholders that are not residents of or otherwise subject to tax in Delaware will not be subject to any tax (including, without limitation, net or gross income, tangible or intangible property, net worth, capital, franchise or doing business tax), fee or other governmental charge under the laws of the State of Delaware or any political subdivision thereof as a result of purchasing, holding (including receiving payments with respect to) or selling a Certificate.

Neither the Trusts nor the Certificateholders will be indemnified for any state or local taxes imposed on them, and the imposition of any such taxes on a Trust could result in a reduction in the amounts available for distribution to the Certificateholders of such Trust. In general, should a Certificateholder or any Trust be subject to any state or local tax which would not be imposed if the Trustee were located in a different jurisdiction in the United States, the Trustee will resign and a new Trustee in such other jurisdiction will be appointed.

S-88

---

**Table of Contents**

**CERTAIN ERISA CONSIDERATIONS**

The Employee Retirement Income Security Act of 1974, as amended ( ERISA ), imposes certain requirements on employee benefit plans subject to Title I of ERISA ( ERISA Plans ), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA s general fiduciary requirements, including, but not limited to, the requirement of investment prudence and diversification and the requirement that an ERISA Plan s investments be made in accordance with the documents governing the Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, Plans )) and certain persons (referred to as parties in interest or disqualified persons ) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Department of Labor has promulgated a regulation, 29 CFR Section 2510.3-101 (the Plan Asset Regulation ), describing what constitutes the assets of a Plan with respect to the Plan s investment in an entity for purposes of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests (directly or indirectly) in a Certificate, the Plan s assets will include both the Certificate and an undivided interest in each of the underlying assets of the corresponding Trust, including the Equipment Notes held by such Trust, unless it is established that equity participation in such Trust by benefit plan investors (including but not limited to Plans and entities whose underlying assets include Plan assets by reason of an employee benefit plan s investment in the entity) is not significant within the meaning of the Plan Asset Regulation. In this regard, the extent to which there is equity participation in a particular Trust by, or on behalf of, employee benefit plans will not be monitored. If the assets of a Trust are deemed to constitute the assets of a Plan, transactions involving the assets of such Trust could be subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code unless a statutory or administrative exemption is applicable to the transaction.

The fiduciary of a Plan that proposes to purchase and hold any Certificates should consider, among other things, whether such purchase and holding may involve (i) the direct or indirect extension of credit to a party in interest or a disqualified person, (ii) the sale or exchange of any property between a Plan and a party in interest or a disqualified person, and (iii) the transfer to, or use by or for the benefit of, a party in interest or a disqualified person, of any Plan assets. Such parties in interest or disqualified persons could include, without limitation, Continental and its affiliates, the Underwriters, the Loan Trustee, the Escrow Agent, the Depositary, the Trustee and the Liquidity Provider. In addition, if Certificates are purchased by a Plan and Certificates of a subordinate Class are held by a party in interest or a disqualified person with respect to such Plan, the exercise by the holder of the subordinate Class of Certificates of its right to purchase the senior Classes of Certificates upon the occurrence and during the continuation of a Triggering Event could be considered to constitute a prohibited transaction unless a statutory or administrative exemption were applicable. Depending on the identity of the Plan fiduciary making the decision to acquire or hold Certificates on behalf of a Plan, Prohibited Transaction Class Exemption ( PTCE ) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager ), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house professional asset manager) or PTCE 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the Class Exemptions ) could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. However, there can be no assurance that any of these Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Certificates.

In addition to the Class Exemptions referred to above, an individual exemption may apply to the purchase, holding and secondary market sale of Class A Certificates by Plans, provided that certain specified conditions are met. In particular, the Department of Labor has issued individual administrative exemptions to each of the Underwriters which are substantially the same as the administrative exemptions issued to Morgan Stanley & Co. Incorporated, Prohibited Transaction Exemption 90-24 (55 Fed. Reg. 20,548 (1990)), as amended (together, the Underwriter Exemption ). The Underwriter Exemption generally exempts from the application of certain, but not

S-89

---

**Table of Contents**

all, of the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code certain transactions relating to the initial purchase, holding and subsequent secondary market sale of pass through certificates which represent an interest in a trust that holds secured credit instruments that bear interest or are purchased at a discount in transactions by or between business entities (including equipment notes secured by aircraft or leases of aircraft) and certain other assets, provided that certain conditions set forth in the Underwriter Exemption are satisfied.

The Underwriter Exemption sets forth a number of general and specific conditions which must be satisfied for a transaction involving the initial purchase, holding or secondary market sale of certificates representing a beneficial ownership interest in a trust to be eligible for exemptive relief thereunder. In particular, the Underwriter Exemption requires that the acquisition of certificates by a Plan be on terms that are at least as favorable to the Plan as they would be in an arm's-length transaction with an unrelated party; the rights and interests evidenced by the certificates not be subordinated to the rights and interests evidenced by other certificates of the same trust estate; the certificates at the time of acquisition by the Plan be rated in one of the three highest generic rating categories by Moody's, Standard & Poor's, Duff & Phelps Inc., Fitch Investors Service, Inc. or DBRS; and the investing Plan be an accredited investor as defined in Rule 501(a)(1) of Regulation D of the Commission under the Securities Act of 1933, as amended.

In addition, the trust corpus generally must be invested in qualifying receivables, such as the Equipment Notes, but may not in general include a pre-funding account (except for a limited amount of pre-funding which is invested in qualifying receivables within a limited period of time following the closing not to exceed three months). With respect to the investment restrictions set forth in the Underwriter Exemption, an investment in a Class A Certificate will evidence both an interest in the respective Original Trust as well as an interest in the Deposits held in escrow by the Escrow Agent for the benefit of the Certificateholder. Under the terms of the Escrow Agreements, the proceeds from the Offering of the Certificates of each Class will be paid over by the Underwriters to the Depository on behalf of the Escrow Agent (for the benefit of such Certificateholders as the holders of the Escrow Receipts) and will not constitute property of the Trusts. Under the terms of each Escrow Agreement, the Escrow Agent will be irrevocably instructed to enter into the corresponding Deposit Agreement with the Depository and to effect withdrawals upon the receipt of appropriate notice from the relevant Trustee so as to enable such Trustee to purchase the identified Equipment Notes on the terms and conditions set forth in the Note Purchase Agreement. Interest on the Deposits relating to each Trust will be paid to the Certificateholders of such Trust as Receiptholders through a Paying Agent appointed by the Escrow Agent. Pending satisfaction of such conditions and withdrawal of such Deposits, the Escrow Agent's rights with respect to the Deposits will remain plan assets subject to the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code.

There can be no assurance that the Department of Labor would determine that the Underwriter Exemption would be applicable to Class A Certificates in these circumstances. In particular, the Department of Labor might assert that the escrow arrangement is tantamount to an impermissible pre-funding rendering the Underwriter Exemption inapplicable. In addition, even if all of the conditions of the Underwriter Exemption are satisfied with respect to the Class A Certificates, no assurance can be given that the Underwriter Exemption would apply with respect to all transactions involving the Class A Certificates or the assets of the Class A Trust. In particular, it appears that the Underwriter Exemption would not apply to the purchase by Class B Certificateholders of Class A Certificates in connection with the exercise of their rights upon the occurrence and during the continuance of a Triggering Event. Therefore, the fiduciary of a Plan considering the purchase of a Class A Certificate should consider the availability of the exemptive relief provided by the Underwriter Exemption, as well as the availability of any other exemptions that may be applicable, such as the Class Exemptions.

Transactions involving the Class B Certificates would not be eligible for the Underwriter Exemption. Therefore, the fiduciary of a Plan considering the purchase of a Class B Certificate should consider the availability of other exemptions, such as the Class Exemptions.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of ERISA and Section 4975 of the Code, may nevertheless be

S-90

---

**Table of Contents**

subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before purchasing any Certificates.

Any Plan fiduciary which proposes to cause a Plan to purchase any Certificates should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such purchase and holding will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

Each person who acquires or accepts a Certificate or an interest therein, will be deemed by such acquisition or acceptance to have represented and warranted that either: (i) no Plan assets have been used to purchase or hold such Certificate or an interest therein or (ii) the purchase and holding of such Certificate or an interest therein are exempt from the prohibited transaction restrictions of ERISA and the Code pursuant to one or more prohibited transaction statutory or administrative exemptions.

S-91

---

**Table of Contents****UNDERWRITING**

Under the terms and subject to the conditions contained in an underwriting agreement dated November 17, 2010 between Continental and the underwriters listed below (collectively, the Underwriters), Continental has agreed to cause each Trust to sell to the Underwriters, and the Underwriters have agreed to purchase, the following respective principal amounts of the Class A and Class B Certificates.

<b>Underwriter</b>	<b>Principal Amount of Class A Certificates</b>	<b>Principal Amount of Class B Certificates</b>
Morgan Stanley & Co. Incorporated	\$ 72,531,800	\$ 12,898,400
Credit Suisse Securities (USA) LLC	72,531,800	12,898,400
Goldman, Sachs & Co.	72,531,800	12,898,400
Deutsche Bank Securities Inc.	72,531,800	12,898,400
J.P. Morgan Securities LLC	72,531,800	12,898,400
Total	\$ 362,659,000	\$ 64,492,000

The underwriting agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters are obligated to purchase all of the Certificates if any are purchased. If an Underwriter defaults on its purchase commitment, the purchase commitments of non-defaulting Underwriters may be increased or the offering of Certificates may be terminated.

The aggregate proceeds from the sale of the Certificates will be \$427,151,000. Continental will pay the Underwriters a commission of \$5,339,388. Continental estimates that its expenses associated with the offer and sale of the Certificates will be approximately \$2,400,000.

The Underwriters propose to offer the Certificates to the public initially at the public offering prices on the cover page of this Prospectus Supplement and to selling group members at those prices less the concessions set forth below. The Underwriters and selling group members may allow a discount to other broker/dealers as set forth below. After the initial public offering, the public offering prices and concessions and discounts may be changed by the Underwriters.

<b>Pass Through Certificates</b>	<b>To Selling Group Members</b>	<b>Discount To Broker/Dealers</b>
2010-1A	0.500%	0.250%
2010-1B	0.500	0.250

The Certificates are a new issue of securities with no established trading market. Continental does not intend to apply for the listing of the Certificates on a national securities exchange. The Underwriters have advised Continental that one or more of the Underwriters currently intend to make a market in the Certificates, as permitted by applicable laws and regulations. The Underwriters are not obligated, however, to make a market in the Certificates and any such market making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to



the liquidity of the trading market for the Certificates.

Continental has agreed to indemnify the Underwriters against certain liabilities including liabilities under the Securities Act of 1933, as amended, or contribute to payments which the Underwriters may be required to make in that respect.

From time to time, the Underwriters or their affiliates have performed and are performing investment banking and advisory services for, and have provided and are providing general financing and banking services to, Continental and its affiliates. In particular, Morgan Stanley & Co. Incorporated, Goldman, Sachs & Co. and J.P. Morgan Securities LLC, serve as counterparties to certain fuel hedging arrangements with Continental and Credit Suisse Securities (USA) LLC serves as counterparty to certain fuel hedging arrangements with United. Affiliates of Morgan Stanley & Co. Incorporated and J.P. Morgan Securities LLC are lenders to UAL, and an

S-92

---

## **Table of Contents**

affiliate of Goldman, Sachs & Co. is a liquidity provider under the United Air Lines Pass Through Certificates, Series 2009-2. In addition, an affiliate of Morgan Stanley & Co. Incorporated acted as a financial advisor to Continental in connection with the Merger and J.P. Morgan Securities LLC acted as a financial advisor to UAL in connection with the Merger. In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of Continental. The Underwriters and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Continental expects that delivery of the Certificates will be made against payment therefor on or about the closing date specified on the cover page of this Prospectus Supplement, which will be the tenth business day following the date hereof (this settlement cycle being referred to as T+10). Under Rule 15c6-1 of the Commission under the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to the trade expressly agree otherwise. Accordingly, purchasers who wish to trade Certificates on the date hereof or the next six succeeding business days will be required, by virtue of the fact that the Certificates initially will settle in T+10, to specify an alternate settlement cycle at the time of any trade to prevent a failed settlement and should consult their own advisor.

To facilitate the offering of the Certificates, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Certificates. Specifically, the Underwriters may overallocate in connection with the Offering, creating a short position in the Certificates for their own account. In addition, to cover overallocations or to stabilize the price of the Certificates, the Underwriters may bid for, and purchase, Certificates in the open market. Finally, the Underwriters may reclaim selling concessions allowed to an agent or a dealer for distributing Certificates in the Offering, if the Underwriters repurchase previously distributed Certificates in transactions to cover syndicate short positions, in stabilization transactions or otherwise. Any of these activities may stabilize or maintain the market price of the Certificates above independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time.

## **LEGAL MATTERS**

The validity of the Certificates is being passed upon for Continental by Hughes Hubbard & Reed LLP, New York, New York, and for the Underwriters by Milbank, Tweed, Hadley & McCloy LLP, New York, New York. Milbank, Tweed, Hadley & McCloy LLP will rely on the opinion of Morris James LLP, Wilmington, Delaware, counsel for Wilmington Trust Company, as Trustee, as to matters of Delaware law relating to the Pass Through Trust Agreements.

## **EXPERTS**

Our consolidated financial statements appearing in our Annual Report on Form 10-K for the year ended December 31, 2009 and the effectiveness of our internal control over financial reporting as of December 31, 2009 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its reports thereon, which are incorporated by reference herein. Our financial statements are incorporated by reference in reliance upon such reports given on the authority of Ernst & Young LLP as experts in accounting and auditing.

The references to AISI, BK and MBA, and to their respective appraisal reports, dated October 31, 2010, November 3, 2010 and October 22, 2010, respectively, are included herein in reliance upon the authority of each such firm as an expert with respect to the matters contained in its appraisal report.



**Table of Contents****INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The following documents filed by Continental with the Commission are incorporated by reference in this Prospectus Supplement (excluding any portions of such documents that have been furnished but not filed for purposes of the Exchange Act):

<b>Filing</b>	<b>Date Filed</b>
Annual Report on Form 10-K for the year ended December 31, 2009	February 17, 2010
Quarterly Report on Form 10-Q for the quarter ended March 31, 2010	April 22, 2010
Quarterly Report on Form 10-Q for the quarter ended June 30, 2010	July 23, 2010
Quarterly Report on Form 10-Q for the quarter ended September 30, 2010	October 21, 2010
Current Report on Form 8-K	January 4, 2010
Current Report on Form 8-K	January 5, 2010
Current Report on Form 8-K (solely with respect to Item 2.05)	January 21, 2010
Current Report on Form 8-K	February 2, 2010
Current Report on Form 8-K	March 2, 2010
Current Report on Form 8-K	April 5, 2010
Current Report on Form 8-K	May 3, 2010
Current Report on Form 8-K	May 4, 2010
Current Report on Form 8-K	June 2, 2010
Current Report on Form 8-K	June 15, 2010
Current Report on Form 8-K	July 2, 2010
Current Report on Form 8-K	July 22, 2010
Current Report on Form 8-K	August 2, 2010
Current Report on Form 8-K	August 3, 2010
Current Report on Form 8-K	August 3, 2010
Current Report on Form 8-K	August 5, 2010
Current Report on Form 8-K	August 20, 2010
Current Report on Form 8-K	August 30, 2010
Current Report on Form 8-K	September 2, 2010
Current Report on Form 8-K	September 17, 2010
Current Report on Form 8-K	October 1, 2010
Current Report on Form 8-K	October 4, 2010
Current Report on Form 8-K	November 8, 2010
Current Report on Form 8-K	November 17, 2010

Our Commission file number is 1-10323.

Reference is made to the information under Incorporation of Certain Documents by Reference in the accompanying Prospectus.

**Table of Contents****APPENDIX I INDEX OF TERMS**

	<b>Page</b>
60-Day Period	S-37
Actual Disposition Event	S-68
Additional Equipment Notes	S-83
Additional Junior Certificates	S-83
Additional Trust	S-83
Additional Trustee	S-83
Administration Expenses	S-66
Aircraft	S-71
AISI	S-71
ALPA	S-22
Appraisal	S-66
Appraised Current Market Value	S-66
Appraisers	S-71
Assumed Amortization Schedule	S-34
Average Life Date	S-76
Bank	S-56
Base Rate	S-61
Basic Agreement	S-30
BK	S-71
Boeing	S-72
Business Day	S-33
Cape Town Treaty	S-50
Cash Collateral Account	S-59
Cede	S-52
Certificate Account	S-32
Certificate Buyout Event	S-37
Certificate Owner	S-52
Certificateholders	S-31
Certificates	S-30
Chase	S-19
Chase processing agreement	S-19
Class A Certificates	S-30
Class A Trust	S-30
Class A Trustee	S-30
Class B Adjusted Interest	S-68
Class B Certificates	S-30
Class B Trust	S-30
Class B Trustee	S-30
Class Exemptions	S-89
clearing agency	S-52
clearing corporation	S-52
CMI	S-19
Code	S-23

Commission	S-30
Company	S-29
Continental	S-29
Continental Bankruptcy Event	S-65
Controlling Party	S-10
Convention	S-79
Current Distribution Date	S-67
Debt Balance	S-80
Deemed Disposition Event	S-68
default	S-36
Delivery Period	S-72
Delivery Period Termination Date	S-55
Delta	S-26
Deposit	S-55
Deposit Agreement	S-55
Depository	S-56
Depository Threshold Rating	S-56
DHS	S-25
disqualified persons	S-89
Distribution Date	S-66
DOT	S-26
Downgrade Drawing	S-59
DTC	S-52
DTC Participants	S-52
EPA	S-25
Equipment	S-78
Equipment Note Special Payment	S-66
Equipment Notes	S-74
ERISA	S-89
ERISA Plans	S-89
Escrow Agent	S-57
Escrow Agreements	S-57
Escrow Receipts	S-57
ETS	S-24
Event of Loss	S-82
excusable delay	S-72
Expected Distributions	S-67
FAA	S-24
Final Distributions	S-64
Final Drawing	S-61
Final Maturity Date	S-31
H.15(519)	S-76
Indenture	S-40
Indenture Defaults	S-77
Indirect DTC Participants	S-52
Intercreditor Agreement	S-64
Interest Drawing	S-58
IRS	S-84
Issuance Date	S-30



**Table of Contents**

	<b>Page</b>
JCBA	S-22
Kennedy	S-24
LaGuardia	S-24
LIBOR	S-62
Liquidity Event of Default	S-63
Liquidity Expenses	S-67
Liquidity Facility	S-58
Liquidity Obligations	S-67
Liquidity Provider	S-58
Liquidity Threshold Rating	S-60
Loan Trustee	S-74
LPPs	S-22
LTVs	S-7
Make-Whole Premium	S-75
Maximum Available Commitment	S-58
Maximum Commitment	S-58
MBA	S-71
Merger	S-21
Minimum Sale Price	S-65
Moody s	S-19
most recent H.15(519)	S-76
New Trustee	S-51
New York Liberty	S-24
NMB	S-22
NOLs	S-23
Non-Extension Drawing	S-60
Non-Performing Equipment Notes	S-67
non-U.S. Certificateholder	S-87
Northwest	S-26
Note Holders	S-50
Note Purchase Agreement	S-40
Offering	S-83
Original Trustee	S-51
Original Trusts	S-51
Participation Agreement	S-40
parties in interest	S-89
Pass Through Trust Agreements	S-30
Paying Agent	S-57
Paying Agent Account	S-33
Performing Equipment Note	S-59
Plan Asset Regulation	S-89
Plans	S-89
Pool Balance	S-33
Pool Factor	S-33
Post Default Appraisals	S-66
Preferred B Pool Balance	S-68
PTC Event of Default	S-37



PTCE	S-89
qualified professional asset manager	S-89
qualifying income	S-84
Rating Agencies	S-19
Rate Determination Notice	S-62
Receiptholder	S-57
Refinancing Certificates	S-83
Refinancing Equipment Notes	S-83
Refinancing Trust	S-83
Regular Distribution Dates	S-31
Remaining Weighted Average Life	S-76
Replacement Facility	S-59
Required Amount	S-58
RLA	S-22
Scheduled Payments	S-31
Section 1110	S-78
Section 2.4 Fraction	S-67
Series A Equipment Notes	S-74
Series B Equipment Notes	S-74
Special Distribution Date	S-32
Special Payment	S-32
Special Payments Account	S-32
Special Termination Drawing	S-60
Special Termination Notice	S-60
Standard & Poor's	S-19
Stated Interest Rates	S-58
Subordination Agent	S-64
Substitute Aircraft	S-73
Successor Trust	S-51
Tax Counsel	S-84
Termination Notice	S-63
Transfer Date	S-51
Transportation Code	S-38
Treasury Yield	S-75
Triggering Event	S-32
Trust Indenture Act	S-38
Trust Property	S-30
Trust Supplement	S-30
Trustee	S-30
Trusts	S-30
TSA	S-25
U.S. Certificateholders	S-84
U.S. Persons	S-84
UAL	S-21
Underwriter Exemption	S-89
Underwriters	S-92
United	S-21

**Table of Contents**

**APPENDIX II APPRAISAL LETTERS**

**Continental Airlines, Inc.  
11<sup>th</sup> Floor, HQSFN 1600 Smith Street  
Houston, TX 77002**

**Sight Unseen Base Value Opinion  
18 Aircraft Portfolio**

**AISI File No.: A0S068BVO-2**

**Date: 31 October 2010**

**Headquarters: 26072 Merit Circle, Suite 123, Laguna Hills, CA 92653  
TEL: 949-582-8888 FAX: 949-582-8887 E-MAIL: mail@AISL.aero**

---

**Table of Contents**

31 October 2010

Continental Airlines, Inc.  
11<sup>th</sup> Floor, HQSFN 1600 Smith Street  
Houston, TX 77002

Subject: Sight Unseen Base Value Opinion  
18 Aircraft portfolio

AISI File number: A0S068BVO-2

Ref: (a) Email messages 11, 26 October 2010

Dear Ladies and Gentlemen:

Aircraft Information Services, Inc. (AIS) has been requested to offer our opinion of the sight unseen 31 October base value in half life and maintenance adjusted condition as of 31 October 2010 for 12 used Aircraft in October 2010 dollars (the Used Aircraft ), and new and hypothetical half life base value for 6 future delivery new aircraft (the New Aircraft ) in delivery dollars, as identified and defined in Table I and referenced in (a) above (the Aircraft ).

**1. Methodology and Definitions**

The standard terms of reference for commercial aircraft value are base value and current market value of an average aircraft. Base value is a theoretical value that assumes a hypothetical balanced market while current market value is the value in the real market; both assume a hypothetical average aircraft condition. All other values are derived from these values. AISI value definitions are consistent with the current definitions of the International Society of Transport Aircraft Trading (ISTAT), those of 01 January 1994. AISI is a member of that organization and employs an ISTAT Certified and Senior Certified Appraiser.

AISI defines a base value as that of a transaction between an equally willing and informed buyer and seller, neither under compulsion to buy or sell, for a single unit cash transaction with no hidden value or liability, with supply and demand of the sale item roughly in balance and with no event which would cause a short term change in the market. Base values are typically given for aircraft in new condition, average half-life condition, or adjusted for an aircraft in a specifically described condition at a specific time.

An average aircraft is an operable airworthy aircraft in average physical condition and with average accumulated flight hours and cycles, with clear title and standard unrestricted certificate of airworthiness, and registered in an authority which does not represent a penalty to aircraft value or liquidity, with no damage history and with inventory configuration and level of modification which is normal for its intended use and age.

**Headquarters: 26072 Merit Circle, Suite 123, Laguna Hills, CA 92653  
TEL: 949-582-8888 FAX: 949-582-8887 E-MAIL: mail@AISL.aero**

---

**Table of Contents**

31 October 2010  
AISI File No. A0S068BVO-2  
Page - 2 -

Note that a stored aircraft is not an average aircraft. AISI assumes average condition unless otherwise specified in this report.

AISI also assumes that airframe, engine and component parts are from the original equipment manufacturer (OEM) and that maintenance, maintenance program and essential records are sufficient to permit normal commercial operation under a strict airworthiness authority.

Half-life condition assumes that every component or maintenance service which has a prescribed interval that determines its service life, overhaul interval or interval between maintenance services, is at a condition which is one-half of the total interval.

Full-life condition assumes zero time since overhaul of airframe, gear, apu, engine overhaul and engine LLPs.

An adjusted appraisal reflects an adjustment from half life condition for the actual condition, utilization, life remaining or time remaining of an airframe, engine or component.

It should be noted that AISI and ISTAT value definitions apply to a transaction involving a single aircraft, and that transactions involving more than one aircraft are often executed at considerable and highly variable discounts to a single aircraft price, for a variety of reasons relating to an individual buyer or seller.

AISI defines a current market value, which is synonymous with the older term fair market value as that value which reflects the real market conditions including short term events, whether at, above or below the base value conditions. Assumptions of a single unit sale and definitions of aircraft condition, buyer/seller qualifications and type of transaction remain unchanged from that of base value. Current market value takes into consideration the status of the economy in which the aircraft is used, the status of supply and demand for the particular aircraft type, the value of recent transactions and the opinions of informed buyers and sellers. Note that for a current market value to exist, the seller may not be under duress. Current market value assumes that there is no short term time constraint to buy or sell.

AISI defines a distressed market value as that value which reflects the real market condition including short term events, when the market for the subject aircraft is so depressed that the seller is under duress. Distressed market value assumes that there is a time constraint to sell within a period of less than 1 year. All other assumptions remain unchanged from that of current market value.

None of the AISI value definitions take into account remarketing costs, brokerage costs, storage costs, recertification costs or removal costs.

AISI encourages the use of base values to consider historical trends, to establish a consistent baseline for long term value comparisons and future value considerations, or to consider how

---

**Table of Contents**

31 October 2010  
AISI File No. A0S068BVO-2  
Page - 3 -

actual market values vary from theoretical base values. Base values are less volatile than current market values and tend to diminish regularly with time. Base values are normally inappropriate to determine near term values. AISI encourages the use of current market values to consider the probable near term value of an aircraft when the seller is not under duress. AISI encourages the use of distressed market values to consider the probable near term value of an aircraft when the seller is under duress.

No physical inspection of the Aircraft or their essential records was made by AISI for the purposes of this report, nor has any attempt been made to verify information provided to us, which is assumed to be correct and applicable to the Aircraft.

If more than one aircraft is contained in this report, then it should be noted that the values given are not directly additive, that is, the total of the given values is not the value of the fleet but rather the sum of the values of the individual aircraft if sold individually over time so as not to exceed demand.

**2. Valuation**

The 12 Used Aircraft are valued in October 2010 million U.S. dollars in assumed half life condition, and in the condition calculated to be in effect at 31 October 2010. Adjustments for the 12 Used Aircraft are calculated to account for the maintenance status of the aircraft as indicated to AISI by the client in the above referenced (a) data and in accordance with standard AISI methods. Adjustments are calculated only where there is sufficient information to do so, or where reasonable assumptions can be made.

All hours and cycle information provided for airframe, maintenance checks, gear and engines have been projected from the data provided to 31 October 2010 based on a daily utilization factor calculated for each aircraft. All maintenance work, if any, which became due as a result of projecting the hour and cycle information forward was assumed to have been completed and a new cycle started unless more than one cycle would have elapsed, then half life was assumed.

The six future delivery New Aircraft are valued in hypothetical half life condition and in new condition, in delivery million U.S. dollars assuming a 2.5% per annum inflation rate and a 0.5% per annum escalation rate between 31 October 2010 and the future delivery date.

It is our considered opinion that the sight unseen base values at 31 October 2010 of the Used Aircraft and at delivery dates of the New Aircraft are as follows in Table I subject to the assumptions, definitions, and disclaimers herein.

---

**Table of Contents**

31 October 2010

AISI File No. A0S068BVO-2

Page - 4 -

**TABLE I**AISI File: **A0S068BVO-2**Report Dated: **31 October 2010**Used Aircraft Values as of: **31 October 2010 in October 2010 Million US Dollars**New Aircraft Values as of: **Delivery Date in Delivery Date Million US Dollars**

No	Type	MSN	RN	DOM	Engine	MTOW lbs.	Half Life	Adjusted
							Base Value Oct 2010 or Dely M US Dollars	Base Value Oct 2010 or Dely M US Dollars
1	B737-800***	28956	N27246	Nov-99	CFM56-7B26	174,200	22.26	22.13
2	B737-800***	28809	N14249	Dec-99	CFM56-7B26	174,200	22.26	23.05
3	B737-800***	31584	N33264	Aug-01	CFM56-7B26	174,200	25.38	27.02
4	B737-800***	31652	N76529	Dec-10	CFM56-7B26/3	174,200	53.61 *	59.15 **
5	B737-800***	39998	N77530	Mar-11	CFM56-7B26/3	174,200	54.00 *	59.59 **
6	B737-800***	39999	N87531	Mar-11	CFM56-7B26/3	174,200	54.00 *	59.59 **
7	B737-900***	30119	N79402	Jul-01	CFM56-7B26	174,200	24.74	26.78
8	B737-900***	30120	N38403	Jul-01	CFM56-7B26	174,200	24.74	27.06
9	B737-900***	30122	N72405	Aug-01	CFM56-7B26	174,200	24.74	26.19
10	B737-900***	30123	N73406	Sep-01	CFM56-7B26	174,200	24.74	26.43
11	B737-900ER***	31655	N38443	Dec-10	CFM56-7B26/3	187,700	51.54 *	57.15 **
12	B737-900ER***	31643	N36444	Dec-10	CFM56-7B26/3	187,700	51.54 *	57.15 **
13	B737-900ER***	40000	N73445	Apr-11	CFM56-7B26/3	187,700	52.05 *	57.71 **
14	B767-400ER	29452	N66057	Jan-02	CF6-80C2B8F	450,000	38.78	42.10
15	B767-400ER	29453	N67058	Jan-02	CF6-80C2B8F	450,000	38.78	40.23
16	B767-400ER	29454	N69059	Feb-02	CF6-80C2B8F	450,000	38.78	39.81
17	B767-400ER	29455	N78060	Feb-02	CF6-80C2B8F	450,000	38.78	41.50
18	B767-400ER	29456	N68061	Mar-02	CF6-80C2B8F	450,000	38.78	40.14

\* Half Life Values are hypothetical for new aircraft in an assumed condition where all components or maintenance services are at a point which is one-half of the total life or service interval.

New aircraft would not be at this hypothetical condition; this value is used for comparison only.

Half Life values are in delivery M US Dollars

\*\* Adjusted Values are new aircraft in new condition. Adjusted values are in delivery M US Dollars

\*\*\* These aircraft are valued with winglets.

---

**Table of Contents**

31 October 2010

AISI File No. A0S068BVO-2

Page - 5 -

Unless otherwise agreed by Aircraft Information Services, Inc. (AISI) in writing, this report shall be for the sole use of the client/addressee. This report is offered as a fair and unbiased assessment of the subject aircraft. AISI has no past, present, or anticipated future interest in any of the subject aircraft. The conclusions and opinions expressed in this report are based on published information, information provided by others, reasonable interpretations and calculations thereof and are given in good faith. AISI certifies that this report has been independently prepared and it reflects AISI's conclusions and opinions which are judgments that reflect conditions and values current at the time of this report. The values and conditions reported upon are subject to any subsequent change. AISI shall not be liable to any party for damages arising out of reliance or alleged reliance on this report, or for any party's action or failure to act as a result of reliance or alleged reliance on this report.

Sincerely,

AIRCRAFT INFORMATION SERVICES, INC.

Fred Bearden

CEO

---



**Table of Contents**

1295 Northern Boulevard  
Manhasset, New York 11030  
(516) 365-6272 Fax (516) 365-6287

November 3, 2010

Continental Airlines, Inc.  
11<sup>th</sup> Floor, HQSFN 1600 Smith Street  
Houston, TX 77002

Gentlemen:

In response to your request, BK Associates, Inc. is pleased to provide our opinion regarding the current Base Values for 18 Boeing aircraft currently or expected to be in the Continental Airlines Fleet (the Aircraft ). The Aircraft include three B737-800s, four B737-900s and five B767-400ERs in service with Continental Airlines, Inc. (the Owned Aircraft ) plus three B737-800s and three B737-900ERs scheduled for future delivery to Continental Airlines, Inc. (the New Aircraft ). Each Aircraft is further identified by type, manufacturer's serial number, date of manufacture, engine type/variant and maximum takeoff weight in the attached Figure I.

Our opinion of the current Base Values are also included in Figure I with both a half-time value and a maintenance adjusted value, which includes appropriate financial adjustments based on our interpretation of the maintenance summary and fleet utilization data you provided. The adjustments are approximate, based on industry average costs, and normally would include an adjustment for the time remaining to a C check or equivalent, time remaining to a D check or equivalent, time remaining to landing gear overhaul, time since the most recent heavy shop visit on engines and time remaining on engine life limited parts.

Values of the New Aircraft, including those designated as Half-Time Base Value, reflect the new aircraft delivery maintenance configuration.

**DEFINITIONS**

According to the International Society of Transport Aircraft Trading's (ISTAT) definition of Base Value, to which BK Associates subscribes, the base value is the Appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its highest and best use. An aircraft's base value is founded in the historical trend of values and in the projection of future value trends and presumes an arm's length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. The base value normally refers to a transaction involving a single aircraft. When multiple aircraft are acquired in the same transaction, the trading price of each unit may be discounted.

---

**Table of Contents**

November 3, 2010

Page 2

**MARKET DISCUSSION & METHODOLOGY**

For a newly delivered aircraft one can argue that, almost by definition, the base value is approximately equal to the actual selling price. Without the existence of white tails or finished aircraft for which there is no buyer, the very existence of a buyer and seller at the agreed price suggests the market is in balance and the purchase price is the base value.

We do not know the purchase price of the New Aircraft but we do know the current published Boeing list price is in the range between \$72 and \$81 million for the B737-800s and \$76 and \$87 million for the B737-900ERs depending on the configuration and options. We also know that nobody pays list price and the discount is normally at least 15 percent with much larger discounts often applied for buyers placing large orders. We also have done several other recent appraisals on similar aircraft. Considering this and the configuration and specifications of the New Aircraft, we conclude the likely prices of the new B737-800s and B737-900ERs are approximately \$48,000,000 and \$50,000,000, respectively.

Regarding the Owned Aircraft, as the definition implies, the base value is determined from long-term historical trends. BK Associates has accumulated a database of over 10,000 data points of aircraft sales that occurred since 1970. From analysis of this data we know, for example, what the average aircraft should sell for as a percentage of its new price, as well as the high and low values that have occurred in strong and weak markets.

Based on this data, we have developed relationships between aircraft age and sale price for wide-bodies, narrow-bodies, large turboprops and, more recently, regional jet and freighter aircraft. Within these groups we have developed further refinements for such things as derivative aircraft, aircraft still in production versus no longer in production, and aircraft early in the production run versus later models. Within each group variations are determined by the performance capabilities of each aircraft relative to the others. We now track some 150 different variations of aircraft types and models and determine current and forecast base values. These relationships are verified, and changed or updated if necessary, when actual sales data becomes available.

---

**Table of Contents**

November 3, 2010

Page 3

This relationship between sales price as a function of age and the original price is depicted in the following figure.

All of the Aircraft other than the New Aircraft are eight to 11 years old. The data suggest that an eight to 11-year old aircraft should sell for 42 to 53 percent of its original price. So, for the B737-800s for example, the data suggest that on average today after allowing for inflation they should sell for about \$25 million each.

There is no doubt that all of these models are successful and still young in their production run.

These values are adjusted further from the average suggested by the historical comparison to reflect differences in engine model and the addition of blended winglets.

As noted earlier in the conclusions, the half-time values are treated with an appropriate financial adjustment to reach the maintenance-adjusted values. These adjustments are based on our assessment of industry average costs and may not be the same as Continental's cost. Another buyer of the aircraft may have to have the work done elsewhere at a different cost.

---

**Table of Contents**

November 3, 2010

Page 4

**ASSUMPTIONS & DISCLAIMER**

It should be understood that BK Associates has neither inspected the Aircraft nor the related maintenance records, but has relied upon the information provided by you and in the BK Associates database. The assumptions have been made that all Airworthiness Directives have been complied with; accident damage has not been incurred that would affect market values; and maintenance has been accomplished in accordance with a civil airworthiness authority's approved maintenance program and accepted industry standards. Further, we have assumed unless otherwise stated, that each Aircraft is in typical configuration for the type and other than the New Aircraft, has accumulated an average number of hours and cycles. Deviations from these assumptions can change significantly our opinion regarding the values.

BK Associates, Inc. has no present or contemplated future interest in the Aircraft, nor any interest that would preclude our making a fair and unbiased estimate. This appraisal represents the opinion of BK Associates, Inc. and reflects our best judgment based on the information available to us at the time of preparation and the time and budget constraints imposed by the client. It is not given as a recommendation, or as an inducement, for any financial transaction and further, BK Associates, Inc. assumes no responsibility or legal liability for any action taken or not taken by the addressee, or any other party, with regard to the appraised equipment. By accepting this appraisal, the addressee agrees that BK Associates, Inc. shall bear no such responsibility or legal liability. This appraisal is prepared for the use of the addressee and shall not be provided to other parties without the express consent of the addressee.

Sincerely,

BK ASSOCIATES, INC.

R. L. Britton  
Vice President  
ISTAT Senior Certified Appraiser

RLB/kf  
Attachment

---

**Table of Contents**

Figure 1

**Continental Airlines  
2010-1 Aircraft Collateral Pool**

**November 2010**

									<b>HALFTIME BASE VALUE (\$ Mil)</b>	<b>MT AD BA VAL (\$ M</b>
<b>M</b>	<b>ACFT TYPE</b>	<b>MSN</b>	<b>REGISTRATION NUMBER</b>	<b>MFG. DATE</b>	<b>ENGINE TYPE/VARIANT</b>	<b>ENGINE SERIAL NUMBERS</b>		<b>MTOW</b>		
	B737-800	28956	N27246	Nov-99	CFM56-7B26	876111	877107	174200	25.10	24.
	B737-800	28809	N14249	Dec-99	CFM56-7B26	877152	877153	174200	25.25	25.
	B737-800	31584	N33264	Aug-01	CFM56-7B26	889502	888513	174200	28.50	30.
	B737-800*	31652	N76529	Dec-10	CFM56-7B26/3	TBD	TBD	174200	48.00	48.
	B737-800*	39998	N77530	Mar-11	CFM56-7B26/3	TBD	TBD	174200	48.30	48.
	B737-800*	39999	N87531	Mar-11	CFM56-7B26/3	TBD	TBD	174200	48.30	48.
	B737-900	30120	N38403	Jul-01	CFM56-7B26	888434	888435	174200	26.45	26.
	B737-900	30119	N79402	Jul-01	CFM56-7B26	889372	889373	174200	26.45	27.
	B737-900	30122	N72405	Aug-01	CFM56-7B26	888449	888466	174200	26.60	27.
	B737-900	30123	N73406	Sep-01	CFM56-7B26	888556	888559	174200	26.75	26.
	B737-900ER*	31643	N36444	Dec-10	CFM56-7B26/3	TBD	TBD	187700	50.00	50.
	B737-900ER*	31655	N38443	Dec-10	CFM56-7B26/3	TBD	TBD	187700	50.00	50.
	B737-900ER*	40000	N73445	Apr-11	CFM56-7B26/3	TBD	TBD	187700	50.20	50.
	B767-400ER	29452	N66057	Jan-02	CF6-80C2B8F	706375	706376	450000	51.90	53.
	B767-400ER	29453	N67058	Jan-02	CF6-80C2B8F	706395	706396	450000	51.90	52.
	B767-400ER	29455	N78060	Feb-02	CF6-80C2B8F	706420	706415	450000	52.15	53.
	B767-400ER	29454	N69059	Feb-02	CF6-80C2B8F	706410	706411	450000	52.15	53.
	B767-400ER	29456	N68061	Mar-02	CF6-80C2B8F	706414	706432	450000	52.40	53.

\* Note that the six aircraft scheduled for delivery new in 2010 and 2011 have half-time values and maintenance adjusted values that reflect their new aircraft delivery maintenance configuration.

**Table of Contents**

**Extended Desktop Appraisal of:**

Twelve (12) Aircraft of various types  
currently operated by Continental Airlines, Inc.  
and Six (6) Aircraft for future new delivery

**Client:**

Continental Airlines, Inc.

**Date:**

October 22, 2010

Washington D.C.  
2101 Wilson Boulevard  
Suite 1001  
Arlington, VA 22201  
Tel: 1 703 276 3200  
Fax: 1 703 276 3201

Frankfurt  
Wilhelm-Heinrich-Str. 22  
61250 Usingen  
Germany  
Tel: 40 (0) 69 97168 436

Tokyo  
3-16-16 Higashiooi  
Shinagawa-ku  
Tokyo 140-0011  
Japan  
Tel/Fax: 81 1 3763 6845

---

**Table of Contents**

**I. Introduction and Executive Summary**

**Table of Contents:**

I.	Introduction
II.	Value Definitions/Terminology
III.	Current Market Conditions
IV.	Valuation
V.	Covenants

**Morten Beyer & Agnew** (mba) has been retained by Continental Airlines, Inc. (the Client) to provide an Extended Desktop Appraisal to determine the Maintenance Adjusted Current Base Values (CBV) of twelve (12) aircraft of various types currently operated by Continental Airlines, Inc. as of October 2010. mba will also provide New Delivery Base Values of three (3) future delivery new Boeing 737-800 aircraft and three (3) future delivery new Boeing 737-900ER aircraft. These aircraft are further identified in Section IV of this report.

In performing this appraisal, mba relied on industry knowledge and intelligence, confidentially obtained data points, its market expertise and current analysis of market trends and conditions, along with information extrapolated from its semi-annual publication mba **Future Aircraft Values Jet Transport (FAV) 2010-2030 mid-year update** edition.

Based on the information set forth in this report, it is our opinion that the aggregate Maintenance Adjusted Current Base Value and New Delivery Base Value of the aircraft in this portfolio are as follows and as more fully set forth in Section IV.

	<b>Maintenance Adjusted CBV (\$US)</b>	<b>New Delivery CBV (\$US)</b>
12 A/C		
Total	\$410,750,000	
6 A/C		
Total		<u>\$288,630,000</u>
<b>Portfolio Total (18 A/C)</b>		<b>\$699,380,000</b>

Section II of this report presents definitions of various terms, such as Current Base Value, as promulgated by the Appraisal Program of the International Society of Transport Aircraft Trading (ISTAT). ISTAT is a non-profit association of management personnel from banks, leasing companies, airlines, manufacturers, brokers, and others who have a vested interest in the commercial aviation industry and who have established a technical and ethical certification program for expert appraisers.





**Table of Contents**

**II. Definitions**

***Extended Desktop Appraisal***

An Extended Desktop Appraisal is one that is characterized by the absence of any on-site inspection of the aircraft or its maintenance records, but it does include consideration of maintenance status information that is provided to the appraiser from the client, aircraft operator, or in the case of a second opinion, possibly from another appraiser's report. An Extended Desktop Appraisal would normally provide a value that includes adjustments from the mid-time, mid-life baseline to account for the actual maintenance status of the aircraft. (ISTAT Handbook)

***Base Value***

ISTAT defines Base Value as the Appraiser's opinion of the underlying economic value of an aircraft, engine, or inventory of aircraft parts/equipment (hereinafter referred to as the asset), in an open, unrestricted, stable market environment with a reasonable balance of supply and demand. Full consideration is assumed of its highest and best use. An asset's Base Value is founded in the historical trend of values and in the projection of value trends and presumes an arm's-length, cash transaction between willing, able, and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing. In most cases, the Base Value of an asset assumes the physical condition is average for an asset of its type and age. It further assumes the maintenance time/life status is at mid-time, mid-life (or benefiting from an above-average maintenance status if it is new or nearly new, as the case may be). Since Base Value pertains to a somewhat idealized asset and market combination it may not necessarily reflect the actual current value of the asset in question, but is a nominal starting value to which adjustments may be applied to determine an actual value. Because it is related to long-term market trends, the Base Value definition is commonly applied to analyses of historical values and projections of residual values.

Continental Airlines

Job File #10242

Page 2 of 12

---

**Table of Contents**

**Qualifications**

mba is a recognized provider of aircraft and aviation-related asset appraisals and inspections. mba and its principals have been providing appraisal services to the aviation industry for 40 years; and its employees adhere to the rules and ethics set forth by the International Society of Transport Aircraft Traders (ISTAT). mba's clients include most of the world's major airlines, lessors, financial institutions, and manufacturers and suppliers. mba maintains offices in Washington, Frankfurt, and Tokyo.

mba publishes the semi-annual *Future Aircraft Values* (FAV), a three-volume compendium of current and projected aircraft values for the next 20 years for over 150 types of jet, turboprop, and cargo aircraft.

mba also provides consulting services to the industry relating to operations, marketing, and management with emphasis on financial/operational analysis, airline safety audits and certification, utilizing hands-on solutions to current situations. mba also provides expert testimony and witness support on cases involving collateral/asset disputes, bankruptcies, financial operations, safety, regulatory and maintenance concerns.

Continental Airlines  
Job File #10242  
Page 3 of 12

---

**Table of Contents****III. Current Market Conditions*****General Market Observation***

Values for new and used jet transport aircraft are driven primarily by the state of the world's economies. During periods of economic growth, traffic grows at high single digit rates, this increases aircraft utilization, stimulates demand for lift and thereby increases the demand side of the aircraft equation. Over the years, it has been demonstrated that increased passenger traffic is closely aligned with the growth in regional and world domestic product. However, the long term trend has been toward traffic lagging domestic product growth (GDP), with lower traffic peaks and deeper traffic declines. This phenomenon becomes more pronounced as a particular region's airline industry matures.

In periods of decline (as observed in the early 1990s and early 2000s) a large surplus of aircraft existed on the market with a significant negative impact on short-term prices. Orders began to deteriorate in 1989 and reached bottom in 1993 with 274 combined Airbus and Boeing orders while deliveries bottomed in 1995 at a combined 380 aircraft. Eventually, values returned to normal levels, as economies recovered and traffic demand returned. This was mostly repeated in the most recent 2000-2006 cycle.

The downturn that began in late 1999 was greatly exacerbated by the events of September 11, 2001 and it is generally acknowledged that the resulting downturn in traffic was due more to fear of terrorism than underlying economic conditions. For that time frame, worldwide Revenue Passenger Kilometers<sup>1</sup> (RPK) and Freight Tonne Kilometers<sup>2</sup> (FTKs) declined (2.9%) and (6.2%), respectively. Orders and deliveries in the 1999 - 2003 time frame bottomed with a combined 3,712 and 3,839, respectively.

The above contrasts sharply with the next order cycle of 2005 - 2008 when 8,216 aircraft were ordered and 3,252 aircraft were delivered. Both Airbus and Boeing delivered an additional 979 aircraft in 2009 and both claim to match their '09 delivery rates in 2010.

There are many signs of an industry wide recovery from the downturn of the past two years. Airbus and Boeing are seeing almost a two-fold increase in orders over the past year. Airbus has booked 301 gross orders for the first eight months of 2010, up from 147 during the same period of 2009. Boeing notes that narrow body utilization is increasing, while wide body utilization remains depressed.

In its most recent forecast, IATA expects the aviation industry to realize a small net profit of US\$2.5 billion for 2010. The exception to this profitability forecast is Europe, where IATA forecasts net losses due to weak regional economic growth and the disruptions to traffic caused by the volcanic ash plume. IATA also reports demand for both passenger and cargo traffic is on the rebound with growth for the first half of 2010 at 8% for passenger and 17% for cargo traffic, well above the traditional growth rate of 6%.

Current oil prices have been close to the predictions of \$75 - \$80 per barrel for 2010 with the exception of a spike in April-May where prices briefly jumped to the \$85 - \$90 range. However, if prices get much higher than this, the prevailing wisdom is it will have the effect of damping the economic recovery that appears to be gaining a foothold. It should be noted that higher oil prices exert a greater negative effect on older aircraft values.

<sup>1</sup> RPK - Revenue Passenger Kilometer. Revenue derived from carrying one passenger one kilometer.

<sup>2</sup> FTK - Freight Tonne Kilometer. Revenue derived from carrying one tonne of freight one kilometer.

Continental Airlines  
Job File #10242  
Page 4 of 12

---

**Table of Contents****Boeing 737NG Family Aircraft**

The Boeing 737 Next Generation (NG) family consists of the 600/-700/-800 and 900/900ER series. Boeing received the go-ahead to replace the Classic 737s with the upgraded NG versions in 1993 with the announcement of the 737-700. This was later followed with the introduction of the 737-800 series in 1994, the 600 series in 1995 and finally the 900 series in 1997. After the absorption of Douglas by Boeing, the 737NG became the mainstay of the US short-haul fleet displacing older MD-80 aircraft. The 737NG has also made its way to Europe with great success, and will continue to provide healthy competition for the Airbus A320 family. To date, there are over 2,600 737NG aircraft in operation with over 150 operators.

<i>Fleet Status</i>	<b>737-800</b>	<b>737-900</b>	<b>737-900ER</b>
Ordered	3584	57	263
Cancelled/Transferred	195	5	16
Net Orders	3,389	52	247
Backlog	1,373	0	170
Delivered	2,012	52	77
Destroyed/Retired	8	0	0
Not in Service/Parked	7	0	0
Active Aircraft	1,995	52	77
Number of Operators	131	6	4
Average Daily Utilization (Hrs)	7.56	7.81	8.12
Average Fleet Age (Yrs)	5.26	7.87	1.77

**Source: AvSoft's ACAS Database, September 2010**

The 737NG continues to be very popular in North America and parts of Europe. Boeing took the 737-300 concept, upgraded its avionics and cockpit and redesigned the wing, launching a similar looking aircraft with enhanced capabilities. The NG aircraft are also starting to compete with their older and larger sibling the Boeing 757, with the entry into service of the 737-900ER to Lion Air in April 2007. Delta, Continental and Southwest are finding it capable of operating trans-continental routes profitably and Delta has, in some cases, replaced its 757's with 737-800 aircraft on routes to Central America. Efficient aircraft like the 737NG will continue to dominate fleets around the world.

Both the 737NG family and the competing Airbus A320 family had an outstanding year in 2007, receiving 850 and 914 orders respectively. But with the downturn of the economy in 2008 and the difficulties faced by operators and lessors in acquiring financing, orders were down to 488 for the Boeing 737NG family and 472 for the A320 family. This downward trend continued in 2009 where Boeing and Airbus booked 178 and 207 net orders respectively for their narrowbody products. As of September 2010, there have been 346 orders of the 737NG and 123 net orders for

Airbus A320 family during 2010, indicating a sign of improvement for the economy.

The most recent economic downturn that began in 2008 has negatively affected demand for aircraft, and aircraft values have correspondingly suffered. Modern aircraft like the 737NGs and the A320 family are not exempt, but have suffered less, particularly those aircraft less than six years old. As the economy improves, mba expects values

Continental Airlines

Job File #10242

Page 5 of 12

---

**Table of Contents**

to rebound as well, and values of popular narrowbody aircraft such as the 737-800 and 737-900 should be among the first to revert back to the baseline reflective of a balanced market.

According to Back Aviation Solutions, as of October 2010, there are currently 14 Boeing 737-800s, no Boeing 737-900s, and 2 Boeing 737-900ERs available for sale or lease.

**Source: BACK Aviation Solutions, October 2010**

Continental Airlines  
Job File #10242  
Page 6 of 12

---

**Table of Contents****Boeing 767 Family**

The twin-aisle wide body Boeing 767 was launched in 1978 and entered service in 1982. The aircraft has undergone significant development in terms of gross weight and capacity, increasing payload and range. The initial model, the Boeing 767-200, offered a Maximum Takeoff Weight (MTOW) of 280,000 pounds. Early development of an ER model extended the weight and range of the -200, enabling it to fly the Atlantic nonstop. Initial routings were circuitous, since the aircraft had to stay within 90 minutes of a suitable landing place. When the FAA and international authorities approved the 767 and its operators for Extended Range Twin-Engine Operations (ETOPS), more direct routes became possible.

<i>Fleet Status</i>	<b>767-400ER</b>
Ordered	64
Cancelled/Transferred	26
Net Orders	38
Backlog	0
Delivered	38
Destroyed/Retired	0
Not in Service/Parked	1
Converted to Freighter/Other	0
Active Aircraft	37
Number of Operators	2
Average Daily Utilization (Hrs)	11.04
Average Fleet Age (Yrs)	9.18

**Source: AvSoft's ACAS Database, September 2010**

The 767-400ER first entered into service in 2000 with Delta Airlines and Continental Airlines, replacing their aging L-1011s and DC-10s. Only 38 aircraft have been delivered and it is an example of Boeing's willingness to build a niche aircraft tailored to their customer's needs. The fuselage of the 767-400ER is 21 ft longer than the 767-300ER and the wingspan was increased by 14.3 ft. Other main enhancements of the 767-400ER are a higher Maximum Gross Takeoff Weight and raked winglets that increased fuel efficiency. The 767-400ER was not a commercial success for Boeing but the aircraft fits very well within the route structure of its only two operators, Delta and Continental.

Much of the success of the 767 family in general can be attributed to its ETOPS capability that allowed it to become the dominant aircraft on the trans-atlantic route, displacing older three and four engine widebodies. However, after the 2001 terrorist attacks and the subsequent industry downturn, lease rates dropped reducing the value of the aircraft.



Values for the 767 family have softened due to the current economic conditions, making older 767-300s and 767-300ERs prime candidates for freighter conversion. IAI Bedek Aviation Group offers 767-300 conversions for approximately \$11 million with a down time of 100 days. Aeronavali and ST Aerospace's Aviation Services Company (SASCO) were selected by Boeing Airplane Services to perform passenger to freighter conversions under the 767-300 Boeing Converted Freighters (BCF) program. ANA launched the 767-300BCF program in 2005 and received delivery of the first aircraft in June 2008. It currently has a firm order with SASCO for seven total

Continental Airlines

Job File #10242

Page 7 of 12

---

**Table of Contents**

conversions of 767-300ERs. The 767-300BCF has similar cargo capabilities to the production model 767-300F, carrying 50 tons structural payload at a range of approximately 3,000nm and 412,000lbs MTOW.

According to Back Aviation Solutions as of October 2010, there have been no Boeing 767-400ERs available for sale or lease during the past twelve months.

Continental Airlines  
Job File #10242  
Page 8 of 12

---

**Table of Contents**

**IV. Valuation**

In developing the values of the aircraft in this portfolio, mba did not inspect the aircraft or the records and documentation associated with the aircraft, but relied on partial information supplied by the Client. This information was not independently verified by mba. Therefore, we used certain assumptions that are generally accepted industry practice to calculate the value of aircraft when more detailed information is not available.

The principal assumptions for each of the aircraft in this portfolio are as follows:

1. The aircraft is in good overall condition.
2. The overhaul status of the airframe, engines, landing gear and other major components are the equivalent of mid-time/mid-life, or new, unless otherwise stated.
3. The historical maintenance documentation has been maintained to acceptable international standards.
4. The specifications of the aircraft are those most common for an aircraft of its type and vintage.
5. The aircraft is in a standard airline configuration.
6. The aircraft is current as to all Airworthiness Directives and Service Bulletins.
7. Its modification status is comparable to that most common for an aircraft of its type and vintage.
8. Its utilization is comparable to industry averages.
9. There is no history of accident or incident damage.
10. In the case of the Base Value, no accounting is made for lease revenues, obligations or terms of ownership unless otherwise specified.

Continental Airlines  
Job File #10242  
Page 9 of 12

---

**Table of Contents**

<b>Continental Airlines Portfolio Description</b>							
<b>No.</b>	<b>Aircraft Type</b>	<b>Serial Number</b>	<b>Registration</b>	<b>Manufacture Date</b>	<b>MTOW (lbs)</b>	<b>Engine Type</b>	<b>Operator</b>
<b>1</b>	767-400ER	29452	N66057	Jan-02	450,000	CF6-80C2	CAL
<b>2</b>	767-400ER	29453	N67058	Jan-02	450,000	CF6-80C2	CAL
<b>3</b>	767-400ER	29454	N69059	Feb-02	450,000	CF6-80C2	CAL
<b>4</b>	767-400ER	29455	N78060	Feb-02	450,000	CF6-80C2	CAL
<b>5</b>	767-400ER	29456	N68061	Mar-02	450,000	CF6-80C2	CAL
<b>6</b>	737-900ER	31655	N38443	Dec-10	187,700	CFM56-7B	CAL
<b>7</b>	737-900ER	31643	N36444	Dec-10	187,700	CFM56-7B	CAL
<b>8</b>	737-900ER	40000	N73445	Apr-11	187,700	CFM56-7B	CAL
<b>9</b>	737-900	30119	N79402	Jul-01	174,200	CFM56-7B	CAL
<b>10</b>	737-900	30120	N38403	Jul-01	174,200	CFM56-7B	CAL
<b>11</b>	737-900	30122	N72405	Aug-01	174,200	CFM56-7B	CAL
<b>12</b>	737-900	30123	N73406	Sep-01	174,200	CFM56-7B	CAL
<b>13</b>	737-800	28956	N27246	Nov-99	174,200	CFM56-7B	CAL
<b>14</b>	737-800	28809	N14249	Dec-99	174,200	CFM56-7B	CAL
<b>15</b>	737-800	31584	N33264	Aug-01	174,200	CFM56-7B	CAL
<b>16</b>	737-800	31652	N76529	Dec-10	174,200	CFM56-7B	CAL
<b>17</b>	737-800	39998	N77530	Mar-11	174,200	CFM56-7B	CAL
<b>18</b>	737-800	39999	N87531	Mar-11	174,200	CFM56-7B	CAL

Continental Airlines  
 Job File #10242  
 Page 10 of 12

**Table of Contents**

<b>Continental Airlines Valuation</b>				
(\$US Million)				
<b>AIRCRAFT</b>	<b>SERIAL</b>	<b>Half-Time</b>		<b>MX.</b>
<b>TYPE</b>	<b>NUMBER</b>	<b>Base</b>	<b>MX. Adj.</b>	<b>Adjusted</b>
		<b>Value</b>		<b>BV</b>
767-400ER	29452	45.27	0.92	46.19
767-400ER	29453	45.27	(0.59)	44.68
767-400ER	29454	45.35	(0.46)	44.89
767-400ER	29455	45.35	(0.30)	45.05
767-400ER	29456	45.42	(0.29)	45.13
737-900	30119	26.24	1.88	28.12
737-900	30120	26.24	0.22	26.46
737-900	30122	26.36	0.75	27.11
737-900	30123	26.48	2.41	28.89
737-800	28956	25.30	(0.90)	24.40
737-800	28809	25.42	(0.45)	24.97
737-800	31584	28.05	1.13	29.18
	<b>Sub-Total</b>	<b>\$410.75</b>	<b>\$4.32</b>	<b>\$415.07</b>
		<b>New</b>		<b>New</b>
		<b>Delivery</b>		<b>Delivery</b>
		<b>Base</b>		<b>Base</b>
		<b>Value</b>	<b>MX. Adj.</b>	<b>Value</b>
737-900ER	31655	49.30	0.00	49.30
737-900ER	31643	49.30	0.00	49.30
737-900ER	40000	49.62	0.00	49.62
737-800	31652	46.65	0.00	46.65
737-800	39998	46.88	0.00	46.88
737-800	39999	46.88	0.00	46.88
	<b>Sub-Total</b>	<b>\$288.63</b>	<b>\$0.00</b>	<b>\$288.63</b>
<b>Grand Total</b>		<b>\$699.38</b>	<b>\$4.32</b>	<b>\$703.70</b>

**Legend for Portfolio Valuation**

MX. Adj  
 MX. Adj. BV

Maintenance Adjustments  
 Maintenance Adjusted Current Base Value

Continental Airlines  
 Job File #10242  
 Page 11 of 12

**Table of Contents**

**V. Covenants**

This report has been prepared for the exclusive use of Continental Airlines, Inc. and shall not be provided to other parties by mba without the express consent of Continental Airlines, Inc. mba certifies that this report has been independently prepared and that it fully and accurately reflects mba's opinion as to the Maintenance Adjusted Current Base Values and New Delivery Base Values as requested. mba further certifies that it does not have, and does not expect to have, any financial or other interest in the subject aircraft.

This report represents the opinion of mba as to the Maintenance Adjusted Current Base Values and New Delivery Base Values of the subject aircraft, as requested, and is intended to be advisory only, in nature. Therefore, mba assumes no responsibility or legal liability for any actions taken, or not taken, by Continental Airlines, Inc. or any other party with regard to the subject aircraft. By accepting this report, all parties agree that mba shall bear no such responsibility or legal liability.

Sincerely

October 22, 2010

Thomas E. Burke  
Managing Director Valuations  
Morten Beyer & Agnew, Inc.  
ISTAT Certified Appraiser

Continental Airlines  
Job File #10242  
Page 12 of 12

---

Table of Contents**APPENDIX III SUMMARY OF APPRAISED VALUES**

Manufacturer	Delivery Month	AISI		Appraiser's Valuations				Base Value
		Maintenance	Adj.	Base Value	Base Value	Maintenance	Maint. Adj.	
		Base Value	Adjustment	Base Value	Value	Adjustment	Base Value	Value
56	November 1999	\$ 22,260,000	\$ (130,000)	\$ 22,130,000	\$ 25,100,000	\$ (913,721)	\$ 24,186,279	\$ 25,300,000
09	December 1999	22,260,000	790,000	23,050,000	25,250,000	(75,485)	25,174,515	25,400,000
84	August 2001	25,380,000	1,640,000	27,020,000	28,500,000	1,533,968	30,033,968	28,000,000
52	December 2010	53,610,000	5,540,000	59,150,000	48,000,000		48,000,000	46,600,000
98	March 2011	54,000,000	5,590,000	59,590,000	48,300,000		48,300,000	46,800,000
99	March 2011	54,000,000	5,590,000	59,590,000	48,300,000		48,300,000	46,800,000
19	July 2001	24,740,000	2,040,000	26,780,000	26,450,000	910,444	27,360,444	26,200,000
20	July 2001	24,740,000	2,320,000	27,060,000	26,450,000	420,000	26,870,000	26,200,000
22	August 2001	24,740,000	1,450,000	26,190,000	26,600,000	685,119	27,285,119	26,300,000
23	September 2001	24,740,000	1,690,000	26,430,000	26,750,000	(259,254)	26,490,746	26,400,000
55	December 2010	51,540,000	5,610,000	57,150,000	50,000,000		50,000,000	49,300,000
43	December 2010	51,540,000	5,610,000	57,150,000	50,000,000		50,000,000	49,300,000
00	April 2011	52,050,000	5,660,000	57,710,000	50,200,000		50,200,000	49,600,000
52	January 2002	38,780,000	3,320,000	42,100,000	51,900,000	1,277,126	53,177,126	45,200,000
53	January 2002	38,780,000	1,450,000	40,230,000	51,900,000	860,498	52,760,498	45,200,000
54	February 2002	38,780,000	1,030,000	39,810,000	52,150,000	1,022,380	53,172,380	45,300,000
55	February 2002	38,780,000	2,720,000	41,500,000	52,150,000	1,130,540	53,280,540	45,300,000
56	March 2002	38,780,000	1,360,000	40,140,000	52,400,000	1,079,697	53,479,697	45,400,000

III-1

**Table of Contents****APPENDIX IV LOAN TO VALUE RATIO TABLES**

The following tables set forth loan to Aircraft value ratios for the Equipment Notes that may be issued in respect of each of the 18 aircraft that may be financed pursuant to this Offering, as of initial issuance and the Regular Distribution Dates thereafter. The loan to value ratio was obtained by dividing (i) the outstanding balance (assuming no payment default) of such Equipment Notes plus, in the case of the Series B Equipment Notes, the outstanding balance (assuming no payment default) of the Series A Equipment Notes, determined immediately after giving effect to the payments scheduled to be made on each such Regular Distribution Date by (ii) the appraised value of the Aircraft securing such Equipment Notes (see Description of the Aircraft and the Appraisals The Appraisals ), subject to the Depreciation Assumption . The Depreciation Assumption contemplates that the value of each Aircraft at issuance of the Equipment Notes included in each table depreciates by approximately 3% of the initial appraised value per year for the first 15 years after the year of delivery of such Aircraft, 4% of such appraised value per year for each of the next five years and 5% of such appraised value per year for any subsequent year, in each case prior to the final expected Regular Distribution Date. Other rates or methods of depreciation may result in materially different loan to Aircraft value ratios, and no assurance can be given (i) that the depreciation rates and method assumed for the purposes of the tables are the ones most likely to occur or (ii) as to the actual future value of any Aircraft. Thus, the tables should not be considered a forecast or prediction of expected or likely loan to Aircraft value ratios, but simply a mathematical calculation based on one set of assumptions.

**A. Boeing 767-424ER**

Date	Assumed Aircraft Value	N66057 Outstanding Balance		Loan to Value Ratio	
		Series A	Series B	Series A	Series B
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 46,190,000.00	\$ 19,950,000.00	\$ 2,599,000.00	43.2%	48.8%
July 12, 2011	45,240,890.41	19,950,000.00	2,599,000.00	44.1	49.8
January 12, 2012	44,291,780.82	19,950,000.00	2,599,000.00	45.0	50.9
July 12, 2012	43,342,671.23	19,168,013.35	2,289,858.98	44.2	49.5
January 12, 2013	42,393,561.64	18,280,362.80	1,983,723.81	43.1	47.8
July 12, 2013	41,444,452.05	17,399,195.06	1,685,097.28	42.0	46.0
January 12, 2014	40,495,342.47	16,512,628.20	1,389,285.01	40.8	44.2
July 12, 2014	39,546,232.88	15,651,254.15	1,103,396.08	39.6	42.4
January 12, 2015	38,597,123.29	14,801,110.53	822,940.85	38.3	40.5
July 12, 2015	37,648,013.70	13,953,051.54	822,940.85	37.1	39.2
January 12, 2016	36,698,904.11	13,072,828.52	549,456.38	35.6	37.1
July 12, 2016	35,749,794.52	11,556,534.65	549,456.38	32.3	33.9
January 12, 2017	34,800,684.93	10,081,259.23	314,564.91	29.0	29.9
July 12, 2017	33,535,205.48	8,754,162.97	314,564.91	26.1	27.0
January 12, 2018	32,269,726.03	7,452,180.32	0.00	23.1	
July 12, 2018	31,004,246.58	6,178,386.42	0.00	19.9	
January 12, 2019	29,738,767.12	0.00	0.00		





**Table of Contents**

Date	N67058				
	Assumed Aircraft Value	Outstanding Balance		Loan to Value Ratio	
		Series A Equipment Notes	Series B Equipment Notes	Series A Equipment Notes	Series B Equipment Notes
At Issuance	\$ 44,680,000.00	\$ 19,285,000.00	\$ 2,515,000.00	43.2%	48.8%
July 12, 2011	43,761,917.81	19,285,000.00	2,515,000.00	44.1	49.8
January 12, 2012	42,843,835.62	19,285,000.00	2,515,000.00	45.0	50.9
July 12, 2012	41,925,753.42	18,528,663.50	2,215,001.07	44.2	49.5
January 12, 2013	41,007,671.23	17,670,474.70	1,918,873.79	43.1	47.8
July 12, 2013	40,089,589.04	16,818,556.64	1,630,009.67	42.0	46.0
January 12, 2014	39,171,506.85	15,961,415.84	1,343,867.81	40.7	44.2
July 12, 2014	38,253,424.66	15,128,644.11	1,067,324.88	39.5	42.3
January 12, 2015	37,335,342.47	14,306,735.55	796,038.04	38.3	40.5
July 12, 2015	36,417,260.27	13,486,843.27	796,038.04	37.0	39.2
January 12, 2016	35,499,178.08	12,635,838.28	531,494.07	35.6	37.1
July 12, 2016	34,581,095.89	11,224,993.45	531,494.07	32.5	34.0
January 12, 2017	33,663,013.70	9,851,487.49	304,281.45	29.3	30.2
July 12, 2017	32,438,904.11	8,620,153.12	304,281.45	26.6	27.5
January 12, 2018	31,214,794.52	7,411,335.27	0.00	23.7	
July 12, 2018	29,990,684.93	6,227,791.09	0.00	20.8	
January 12, 2019	28,766,575.34	0.00	0.00		

Date	N69059				
	Assumed Aircraft Value	Outstanding Balance		Loan to Value Ratio	
		Series A Equipment Notes	Series B Equipment Notes	Series A Equipment Notes	Series B Equipment Notes
At Issuance	\$ 44,890,000.00	\$ 19,377,000.00	\$ 2,527,000.00	43.2%	48.8%
July 12, 2011	43,967,602.74	19,377,000.00	2,527,000.00	44.1	49.8
January 12, 2012	43,045,205.48	19,377,000.00	2,527,000.00	45.0	50.9
July 12, 2012	42,122,808.22	18,617,579.70	2,225,411.77	44.2	49.5
January 12, 2013	41,200,410.96	17,755,293.58	1,927,892.67	43.1	47.8
July 12, 2013	40,278,013.70	16,899,307.69	1,637,670.86	42.0	46.0
January 12, 2014	39,355,616.44	16,038,074.51	1,350,184.11	40.8	44.2
July 12, 2014	38,433,219.18	15,201,324.99	1,072,341.42	39.6	42.3
January 12, 2015	37,510,821.92	14,375,489.68	799,779.48	38.3	40.5
July 12, 2015	36,588,424.66	13,551,680.19	799,779.48	37.0	39.2
January 12, 2016	35,666,027.40	12,696,611.75	533,992.13	35.6	37.1
July 12, 2016	34,743,630.14	11,271,101.83	533,992.13	32.4	34.0
January 12, 2017	33,821,232.88	9,883,442.50	305,711.60	29.2	30.1
July 12, 2017	32,591,369.86	8,638,790.24	305,711.60	26.5	27.4
January 12, 2018	31,361,506.85	7,417,015.70	0.00	23.7	
July 12, 2018	30,131,643.84	6,220,920.23	0.00	20.6	
January 12, 2019	28,901,780.82	0.00	0.00		



**Table of Contents**

Date	N78060				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 45,050,000.00	\$ 19,448,000.00	\$ 2,535,000.00	43.2%	48.8%
July 12, 2011	44,124,315.07	19,448,000.00	2,535,000.00	44.1	49.8
January 12, 2012	43,198,630.14	19,448,000.00	2,535,000.00	45.0	50.9
July 12, 2012	42,272,945.21	18,685,325.39	2,233,343.73	44.2	49.5
January 12, 2013	41,347,260.27	17,819,917.48	1,934,764.20	43.1	47.8
July 12, 2013	40,421,575.34	16,960,832.29	1,643,507.96	42.0	46.0
January 12, 2014	39,495,890.41	16,096,481.12	1,354,996.53	40.8	44.2
July 12, 2014	38,570,205.48	15,256,700.88	1,076,163.53	39.6	42.3
January 12, 2015	37,644,520.55	14,427,873.79	802,630.11	38.3	40.5
July 12, 2015	36,718,835.62	13,601,079.74	802,630.11	37.0	39.2
January 12, 2016	35,793,150.68	12,742,915.35	535,895.43	35.6	37.1
July 12, 2016	34,867,465.75	11,306,232.02	535,895.43	32.4	34.0
January 12, 2017	33,941,780.82	9,907,789.17	306,801.24	29.2	30.1
July 12, 2017	32,707,534.25	8,652,989.96	306,801.24	26.5	27.4
January 12, 2018	31,473,287.67	7,421,343.66	0.00	23.6	
July 12, 2018	30,239,041.10	6,215,685.30	0.00	20.6	
January 12, 2019	29,004,794.52	0.00	0.00		

Date	N68061				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 45,130,000.00	\$ 19,524,000.00	\$ 2,546,000.00	43.3%	48.9%
July 12, 2011	44,221,342.28	19,524,000.00	2,546,000.00	44.2	49.9
January 12, 2012	43,312,684.56	19,524,000.00	2,546,000.00	45.1	51.0
July 12, 2012	42,404,026.85	18,780,313.46	2,247,009.10	44.3	49.6
January 12, 2013	41,495,369.13	17,932,806.67	1,950,252.35	43.2	47.9
July 12, 2013	40,586,711.41	17,091,130.61	1,660,351.52	42.1	46.2
January 12, 2014	39,678,053.69	16,243,559.12	1,372,658.13	40.9	44.4
July 12, 2014	38,769,395.97	15,420,142.38	1,094,122.00	39.8	42.6
January 12, 2015	37,860,738.26	14,607,136.65	820,281.60	38.6	40.7
July 12, 2015	36,952,080.54	13,795,470.55	820,281.60	37.3	39.6
January 12, 2016	36,043,422.82	12,951,134.16	552,597.58	35.9	37.5
July 12, 2016	35,134,765.10	11,495,934.43	552,597.58	32.7	34.3
January 12, 2017	34,226,107.38	10,077,859.41	321,230.35	29.4	30.4
July 12, 2017	33,317,449.66	8,698,402.83	321,230.35	26.1	27.1
January 12, 2018	32,105,906.04	7,452,144.18	0.00	23.2	
July 12, 2018	30,894,362.42	6,230,652.72	0.00	20.2	
January 12, 2019	29,682,818.79	0.00	0.00		



**Table of Contents****B. Boeing 737-924ER**

Date	Assumed Aircraft Value	N38443 Outstanding Balance		Loan to Value Ratio	
		Series A	Series B	Series A	Series B
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 50,000,000.00	\$ 27,668,000.00	\$ 5,404,000.00	55.3%	66.1%
July 12, 2011	49,250,000.00	27,668,000.00	5,404,000.00	56.2	67.2
January 12, 2012	48,500,000.00	26,945,663.49	5,132,390.21	55.6	66.1
July 12, 2012	47,750,000.00	26,410,394.54	4,820,036.14	55.3	65.4
January 12, 2013	47,000,000.00	25,747,653.38	4,502,349.08	54.8	64.4
July 12, 2013	46,250,000.00	25,082,451.15	4,183,657.05	54.2	63.3
January 12, 2014	45,500,000.00	24,399,709.84	3,857,702.56	53.6	62.1
July 12, 2014	44,750,000.00	23,735,598.43	3,532,254.60	53.0	60.9
January 12, 2015	44,000,000.00	23,073,075.70	3,201,029.57	52.4	59.7
July 12, 2015	43,250,000.00	22,399,673.20	2,864,908.12	51.8	58.4
January 12, 2016	42,500,000.00	21,667,923.27	2,520,591.82	51.0	56.9
July 12, 2016	41,750,000.00	20,901,131.78	2,174,582.08	50.1	55.3
January 12, 2017	41,000,000.00	20,145,145.03	1,831,080.50	49.1	53.6
July 12, 2017	40,250,000.00	19,416,071.15	1,490,706.47	48.2	51.9
January 12, 2018	39,500,000.00	18,901,675.10	1,148,102.51	47.9	50.8
July 12, 2018	38,750,000.00	18,212,749.55	798,002.26	47.0	49.1
January 12, 2019	38,000,000.00	17,814,594.58	0.00	46.9	
July 12, 2019	37,250,000.00	17,311,112.04	0.00	46.5	
January 12, 2020	36,500,000.00	16,808,987.28	0.00	46.1	
July 12, 2020	35,750,000.00	16,295,492.45	0.00	45.6	
January 12, 2021	35,000,000.00	0.00	0.00		

Date	Assumed Aircraft Value	N36444 Outstanding Balance		Loan to Value Ratio	
		Series A	Series B	Series A	Series B
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 50,000,000.00	\$ 27,668,000.00	\$ 5,404,000.00	55.3%	66.1%
July 12, 2011	49,250,000.00	27,668,000.00	5,404,000.00	56.2	67.2
January 12, 2012	48,500,000.00	26,945,663.49	5,132,390.21	55.6	66.1
July 12, 2012	47,750,000.00	26,410,394.54	4,820,036.14	55.3	65.4
January 12, 2013	47,000,000.00	25,747,653.38	4,502,349.08	54.8	64.4
July 12, 2013	46,250,000.00	25,082,451.15	4,183,657.05	54.2	63.3
January 12, 2014	45,500,000.00	24,399,709.84	3,857,702.56	53.6	62.1
July 12, 2014	44,750,000.00	23,735,598.43	3,532,254.60	53.0	60.9
January 12, 2015	44,000,000.00	23,073,075.70	3,201,029.57	52.4	59.7
July 12, 2015	43,250,000.00	22,399,673.20	2,864,908.12	51.8	58.4
January 12, 2016	42,500,000.00	21,667,923.27	2,520,591.82	51.0	56.9

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2016	41,750,000.00	20,901,131.78	2,174,582.08	50.1	55.3
January 12, 2017	41,000,000.00	20,145,145.03	1,831,080.50	49.1	53.6
July 12, 2017	40,250,000.00	19,416,071.15	1,490,706.47	48.2	51.9
January 12, 2018	39,500,000.00	18,901,675.10	1,148,102.51	47.9	50.8
July 12, 2018	38,750,000.00	18,212,749.55	798,002.26	47.0	49.1
January 12, 2019	38,000,000.00	17,814,594.58	0.00	46.9	
July 12, 2019	37,250,000.00	17,311,112.04	0.00	46.5	
January 12, 2020	36,500,000.00	16,808,987.28	0.00	46.1	
July 12, 2020	35,750,000.00	16,295,492.45	0.00	45.6	
January 12, 2021	35,000,000.00	0.00	0.00		

IV-4

---

**Table of Contents**

Date	N73445			Loan to Value Ratio	
	Assumed	Outstanding Balance		Series A	Series B
		Aircraft Value	Series A	Series B	Equipment Notes
At Issuance	\$ 50,200,000.00	\$ 27,779,000.00	\$ 5,425,000.00	55.3%	66.1%
July 12, 2011	50,200,000.00	27,779,000.00	5,425,000.00	55.3	66.1
January 12, 2012	49,447,000.00	27,471,798.41	5,232,604.10	55.6	66.1
July 12, 2012	48,694,000.00	26,932,518.36	4,915,326.48	55.3	65.4
January 12, 2013	47,941,000.00	26,263,154.27	4,592,491.86	54.8	64.4
July 12, 2013	47,188,000.00	25,591,150.37	4,268,506.14	54.2	63.3
January 12, 2014	46,435,000.00	24,901,110.47	3,936,976.23	53.6	62.1
July 12, 2014	45,682,000.00	24,229,935.36	3,605,820.21	53.0	60.9
January 12, 2015	44,929,000.00	23,560,232.23	3,268,614.94	52.4	59.7
July 12, 2015	44,176,000.00	22,879,259.27	2,926,246.96	51.8	58.4
January 12, 2016	43,423,000.00	22,138,499.58	2,575,333.14	51.0	56.9
July 12, 2016	42,670,000.00	21,361,707.61	2,222,501.01	50.1	55.3
January 12, 2017	41,917,000.00	20,595,708.40	1,872,034.18	49.1	53.6
July 12, 2017	41,164,000.00	19,856,972.74	1,524,557.54	48.2	51.9
January 12, 2018	40,411,000.00	19,337,609.94	1,174,581.53	47.9	50.8
July 12, 2018	39,658,000.00	18,639,515.40	816,701.25	47.0	49.1
January 12, 2019	38,905,000.00	18,238,863.22	0.00	46.9	
July 12, 2019	38,152,000.00	17,730,296.55	0.00	46.5	
January 12, 2020	37,399,000.00	17,222,994.94	0.00	46.1	
July 12, 2020	36,646,000.00	16,703,905.35	0.00	45.6	
January 12, 2021	35,893,000.00	0.00	0.00		

**C. Boeing 737-924**

Date	N79402			Loan to Value Ratio	
	Assumed	Outstanding Balance		Series A	Series B
		Aircraft Value	Series A	Series B	Equipment Notes
At Issuance	\$ 27,360,444.00	\$ 15,140,000.00	\$ 2,957,000.00	55.3%	66.1%
July 12, 2011	26,786,448.67	15,140,000.00	2,957,000.00	56.5	67.6
January 12, 2012	26,212,453.34	14,563,132.93	2,773,866.78	55.6	66.1
July 12, 2012	25,638,458.01	14,180,561.08	2,588,027.10	55.3	65.4
January 12, 2013	25,064,462.69	13,730,874.41	2,401,041.71	54.8	64.4
July 12, 2013	24,490,467.36	13,281,750.29	2,215,345.22	54.2	63.3
January 12, 2014	23,916,472.03	12,825,384.13	2,027,750.23	53.6	62.1
July 12, 2014	23,342,476.70	12,380,953.15	1,842,493.20	53.0	60.9
January 12, 2015	22,768,481.37	11,939,520.32	1,656,422.32	52.4	59.7
July 12, 2015	22,194,486.04	11,494,779.98	1,470,177.19	51.8	58.4
January 12, 2016	21,620,490.71	11,022,850.21	1,282,268.99	51.0	56.9



Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2016	21,046,495.38	10,536,420.92	1,096,223.51	50.1	55.3
January 12, 2017	20,281,168.28	9,965,050.64	905,767.12	49.1	53.6
July 12, 2017	19,515,841.17	9,414,185.36	722,792.32	48.2	51.9
January 12, 2018	18,750,514.07	8,972,560.13	545,000.31	47.9	50.8
July 12, 2018	17,985,186.97	8,453,153.70	370,379.86	47.0	49.1
January 12, 2019	17,219,859.86	8,072,758.48	0.00	46.9	
July 12, 2019	16,454,532.76	7,646,879.46	0.00	46.5	
January 12, 2020	15,689,205.65	7,225,196.11	0.00	46.1	
July 12, 2020	14,923,878.55	6,802,572.03	0.00	45.6	
January 12, 2021	14,158,551.44	0.00	0.00		

IV-5

---

**Table of Contents**

Date	<b>N38403</b>				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A Equipment Notes	Series B Equipment Notes	Series A Equipment Notes
At Issuance	\$ 26,796,666.67	\$ 14,828,000.00	\$ 2,896,000.00	55.3%	66.1%
July 12, 2011	26,234,498.83	14,828,000.00	2,896,000.00	56.5	67.6
January 12, 2012	25,672,331.00	14,263,051.39	2,716,709.70	55.6	66.1
July 12, 2012	25,110,163.17	13,888,362.64	2,534,699.35	55.3	65.4
January 12, 2013	24,547,995.34	13,447,942.02	2,351,566.90	54.8	64.4
July 12, 2013	23,985,827.51	13,008,072.36	2,169,696.79	54.2	63.3
January 12, 2014	23,423,659.67	12,561,109.88	1,985,967.29	53.6	62.1
July 12, 2014	22,861,491.84	12,125,836.65	1,804,527.59	53.0	60.9
January 12, 2015	22,299,324.01	11,693,499.79	1,622,290.81	52.4	59.7
July 12, 2015	21,737,156.18	11,257,923.58	1,439,883.36	51.8	58.4
January 12, 2016	21,174,988.34	10,795,718.18	1,255,847.12	51.0	56.9
July 12, 2016	20,612,820.51	10,319,312.04	1,073,635.21	50.1	55.3
January 12, 2017	19,863,263.40	9,759,715.17	887,103.28	49.1	53.6
July 12, 2017	19,113,706.29	9,220,200.78	707,898.77	48.2	51.9
January 12, 2018	18,364,149.18	8,787,675.48	533,770.27	47.9	50.8
July 12, 2018	17,614,592.07	8,278,971.71	362,747.98	47.0	49.1
January 12, 2019	16,865,034.97	7,906,414.75	0.00	46.9	
July 12, 2019	16,115,477.86	7,489,311.21	0.00	46.5	
January 12, 2020	15,365,920.75	7,076,316.89	0.00	46.1	
July 12, 2020	14,616,363.64	6,662,401.21	0.00	45.6	
January 12, 2021	13,866,806.53	0.00	0.00		

Date	<b>N72405</b>				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A Equipment Notes	Series B Equipment Notes	Series A Equipment Notes
At Issuance	\$ 26,861,706.33	\$ 14,864,000.00	\$ 2,903,000.00	55.3%	66.1%
July 12, 2011	26,298,174.03	14,864,000.00	2,903,000.00	56.5	67.6
January 12, 2012	25,734,641.73	14,297,670.02	2,723,303.57	55.6	66.1
July 12, 2012	25,171,109.43	13,922,071.85	2,540,851.46	55.3	65.4
January 12, 2013	24,607,577.13	13,480,582.27	2,357,274.52	54.8	64.4
July 12, 2013	24,044,044.83	13,039,644.97	2,174,962.98	54.2	63.3
January 12, 2014	23,480,512.53	12,591,597.64	1,990,787.55	53.6	62.1
July 12, 2014	22,916,980.23	12,155,267.93	1,808,907.46	53.0	60.9
January 12, 2015	22,353,447.93	11,721,881.73	1,626,228.36	52.4	59.7
July 12, 2015	21,789,915.63	11,285,248.30	1,443,378.18	51.8	58.4
January 12, 2016	21,226,383.33	10,821,921.06	1,258,895.25	51.0	56.9
July 12, 2016	20,662,851.03	10,344,358.61	1,076,241.09	50.1	55.3
January 12, 2017	19,911,474.62	9,783,403.51	889,256.41	49.1	53.6

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	19,160,098.22	9,242,579.63	709,616.95	48.2	51.9
January 12, 2018	18,408,721.82	8,809,004.53	535,065.82	47.9	50.8
July 12, 2018	17,657,345.42	8,299,066.06	363,628.43	47.0	49.1
January 12, 2019	16,905,969.02	7,925,604.85	0.00	46.9	
July 12, 2019	16,154,592.62	7,507,488.93	0.00	46.5	
January 12, 2020	15,403,216.22	7,093,492.20	0.00	46.1	
July 12, 2020	14,651,839.82	6,678,571.89	0.00	45.6	
January 12, 2021	13,900,463.42	0.00	0.00		

IV-6

---

**Table of Contents**

Date	N73406				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 26,490,746.00	\$ 14,659,000.00	\$ 2,863,000.00	55.3%	66.1%
July 12, 2011	25,946,415.60	14,659,000.00	2,863,000.00	56.5	67.5
January 12, 2012	25,402,085.21	14,112,908.04	2,688,111.62	55.6	66.1
July 12, 2012	24,857,754.81	13,748,756.27	2,509,220.45	55.3	65.4
January 12, 2013	24,313,424.41	13,319,438.81	2,329,096.26	54.8	64.4
July 12, 2013	23,769,094.01	12,890,532.74	2,150,091.63	54.2	63.3
January 12, 2014	23,224,763.62	12,454,450.40	1,969,103.96	53.6	62.1
July 12, 2014	22,680,433.22	12,029,802.35	1,790,236.08	53.0	60.9
January 12, 2015	22,136,102.82	11,607,908.55	1,610,416.36	52.4	59.7
July 12, 2015	21,591,772.42	11,182,627.66	1,430,253.04	51.8	58.4
January 12, 2016	21,047,442.03	10,730,690.80	1,248,282.59	51.0	56.9
July 12, 2016	20,503,111.63	10,264,388.93	1,067,920.94	50.1	55.3
January 12, 2017	19,958,781.23	9,806,647.38	891,369.15	49.1	53.6
July 12, 2017	19,233,007.37	9,277,750.05	712,317.23	48.2	51.9
January 12, 2018	18,507,233.51	8,856,144.68	537,929.14	47.9	50.8
July 12, 2018	17,781,459.64	8,357,400.55	366,184.38	47.0	49.1
January 12, 2019	17,055,685.78	7,995,792.83	0.00	46.9	
July 12, 2019	16,329,911.92	7,588,964.69	0.00	46.5	
January 12, 2020	15,604,138.05	7,186,020.77	0.00	46.1	
July 12, 2020	14,878,364.19	6,781,825.77	0.00	45.6	
January 12, 2021	14,152,590.33	0.00	0.00		

**D. Boeing 737-824**

Date	N27246				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 23,572,093.00	\$ 13,044,000.00	\$ 2,547,000.00	55.3%	66.1%
July 12, 2011	23,044,359.57	13,044,000.00	2,547,000.00	56.6	67.7
January 12, 2012	22,516,626.15	12,509,802.70	2,382,765.19	55.6	66.1
July 12, 2012	21,988,892.72	12,161,996.49	2,219,628.43	55.3	65.4
January 12, 2013	21,461,159.30	11,756,904.06	2,055,864.49	54.8	64.4
July 12, 2013	20,933,425.87	11,352,683.93	1,893,584.32	54.2	63.3
January 12, 2014	20,405,692.45	10,942,702.74	1,730,089.93	53.6	62.1
July 12, 2014	19,877,959.02	10,543,357.61	1,569,028.21	53.0	60.9
January 12, 2015	19,350,225.60	10,147,027.73	1,407,741.92	52.4	59.7
July 12, 2015	18,646,581.03	9,657,279.11	1,235,161.65	51.8	58.4
January 12, 2016	17,942,936.46	9,147,909.89	1,064,160.44	51.0	56.9

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2016	17,239,291.90	8,630,436.21	897,922.28	50.1	55.3
January 12, 2017	16,535,647.33	8,124,707.65	738,490.28	49.1	53.6
July 12, 2017	15,832,002.76	7,637,150.11	586,356.99	48.2	51.9
January 12, 2018	15,128,358.19	7,239,273.71	439,719.14	47.9	50.8
July 12, 2018	14,424,713.63	6,779,708.30	297,056.88	47.0	49.1
January 12, 2019	13,721,069.06	6,432,507.44	0.00	46.9	
July 12, 2019	13,017,424.49	6,049,559.57	0.00	46.5	
January 12, 2020	12,313,779.93	5,670,744.39	0.00	46.1	
July 12, 2020	11,434,224.22	5,211,924.88	0.00	45.6	
January 12, 2021	10,554,668.51	0.00	0.00		

IV-7

---

**Table of Contents**

Date	N14249				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 24,398,171.67	\$ 13,501,000.00	\$ 2,637,000.00	55.3%	66.1%
July 12, 2011	23,851,943.94	13,501,000.00	2,637,000.00	56.6	67.7
January 12, 2012	23,305,716.22	12,948,205.91	2,466,268.65	55.6	66.1
July 12, 2012	22,759,488.50	12,588,210.90	2,297,414.81	55.3	65.4
January 12, 2013	22,213,260.77	12,168,922.10	2,127,911.79	54.8	64.4
July 12, 2013	21,667,033.05	11,750,536.17	1,959,944.55	54.2	63.3
January 12, 2014	21,120,805.32	11,326,187.28	1,790,720.54	53.6	62.1
July 12, 2014	20,574,577.60	10,912,847.19	1,624,014.44	53.0	60.9
January 12, 2015	20,028,349.88	10,502,628.02	1,457,075.91	52.4	59.7
July 12, 2015	19,300,046.24	9,995,716.27	1,278,447.61	51.8	58.4
January 12, 2016	18,571,742.61	9,468,496.33	1,101,453.71	51.0	56.9
July 12, 2016	17,843,438.98	8,932,887.89	929,389.76	50.1	55.3
January 12, 2017	17,115,135.35	8,409,436.19	764,370.50	49.1	53.6
July 12, 2017	16,386,831.72	7,904,792.31	606,905.74	48.2	51.9
January 12, 2018	15,658,528.08	7,492,972.42	455,129.00	47.9	50.8
July 12, 2018	14,930,224.45	7,017,301.64	307,467.17	47.0	49.1
January 12, 2019	14,201,920.82	6,657,933.20	0.00	46.9	
July 12, 2019	13,473,617.19	6,261,565.01	0.00	46.5	
January 12, 2020	12,745,313.56	5,869,474.34	0.00	46.1	
July 12, 2020	11,834,934.02	5,394,575.60	0.00	45.6	
January 12, 2021	10,924,554.48	0.00	0.00		

Date	N33264				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 28,744,656.00	\$ 15,906,000.00	\$ 3,107,000.00	55.3%	66.1%
July 12, 2011	28,141,621.26	15,906,000.00	3,107,000.00	56.5	67.6
January 12, 2012	27,538,586.52	15,299,906.91	2,914,201.48	55.6	66.1
July 12, 2012	26,935,551.78	14,897,980.09	2,718,959.85	55.3	65.4
January 12, 2013	26,332,517.03	14,425,543.01	2,522,514.55	54.8	64.4
July 12, 2013	25,729,482.29	13,953,696.92	2,327,423.35	54.2	63.3
January 12, 2014	25,126,447.55	13,474,242.41	2,130,337.61	53.6	62.1
July 12, 2014	24,523,412.81	13,007,326.90	1,935,708.10	53.0	60.9
January 12, 2015	23,920,378.07	12,543,561.22	1,740,223.58	52.4	59.7
July 12, 2015	23,317,343.33	12,076,320.71	1,544,555.98	51.8	58.4
January 12, 2016	22,714,308.59	11,580,515.19	1,347,141.19	51.0	56.9
July 12, 2016	22,111,273.85	11,069,476.61	1,151,683.35	50.1	55.3
January 12, 2017	21,307,227.52	10,469,199.72	951,591.44	49.1	53.6

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	20,503,181.20	9,890,465.22	759,359.62	48.2	51.9
January 12, 2018	19,699,134.88	9,426,497.40	572,572.81	47.9	50.8
July 12, 2018	18,895,088.56	8,880,813.31	389,118.02	47.0	49.1
January 12, 2019	18,091,042.24	8,481,173.24	0.00	46.9	
July 12, 2019	17,286,995.92	8,033,748.27	0.00	46.5	
January 12, 2020	16,482,949.59	7,590,731.23	0.00	46.1	
July 12, 2020	15,678,903.27	7,146,725.87	0.00	45.6	
January 12, 2021	14,874,856.95	0.00	0.00		

IV-8

---

**Table of Contents**

Date	<b>N76529</b>				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A Equipment Notes	Series B Equipment Notes	Series A Equipment Notes
At Issuance	\$ 48,000,000.00	\$ 26,562,000.00	\$ 5,187,000.00	55.3%	66.1%
July 12, 2011	47,280,000.00	26,562,000.00	5,187,000.00	56.2	67.2
January 12, 2012	46,560,000.00	25,867,836.95	4,927,094.60	55.6	66.1
July 12, 2012	45,840,000.00	25,353,978.75	4,627,234.69	55.3	65.4
January 12, 2013	45,120,000.00	24,717,747.24	4,322,255.12	54.8	64.4
July 12, 2013	44,400,000.00	24,079,153.10	4,016,310.77	54.2	63.3
January 12, 2014	43,680,000.00	23,423,721.44	3,703,394.46	53.6	62.1
July 12, 2014	42,960,000.00	22,786,174.49	3,390,964.42	53.0	60.9
January 12, 2015	42,240,000.00	22,150,152.67	3,072,988.38	52.4	59.7
July 12, 2015	41,520,000.00	21,503,686.28	2,750,311.79	51.8	58.4
January 12, 2016	40,800,000.00	20,801,206.34	2,419,768.15	51.0	56.9
July 12, 2016	40,080,000.00	20,065,086.51	2,087,598.79	50.1	55.3
January 12, 2017	39,360,000.00	19,339,339.23	1,757,837.28	49.1	53.6
July 12, 2017	38,640,000.00	18,639,428.30	1,431,078.21	48.2	51.9
January 12, 2018	37,920,000.00	18,145,608.10	1,102,178.41	47.9	50.8
July 12, 2018	37,200,000.00	17,484,239.57	766,082.17	47.0	49.1
January 12, 2019	36,480,000.00	17,102,010.80	0.00	46.9	
July 12, 2019	35,760,000.00	16,618,667.55	0.00	46.5	
January 12, 2020	35,040,000.00	16,136,627.79	0.00	46.1	
July 12, 2020	34,320,000.00	15,643,672.75	0.00	45.6	
January 12, 2021	33,600,000.00	0.00	0.00		

Date	<b>N77530</b>				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A Equipment Notes	Series B Equipment Notes	Series A Equipment Notes
At Issuance	\$ 48,300,000.00	\$ 26,728,000.00	\$ 5,220,000.00	55.3%	66.1%
July 12, 2011	48,300,000.00	26,728,000.00	5,220,000.00	55.3	66.1
January 12, 2012	47,575,500.00	26,432,029.14	5,034,557.33	55.6	66.1
July 12, 2012	46,851,000.00	25,913,160.09	4,729,288.23	55.3	65.4
January 12, 2013	46,126,500.00	25,269,130.50	4,418,672.44	54.8	64.4
July 12, 2013	45,402,000.00	24,622,561.01	4,106,949.13	54.2	63.3
January 12, 2014	44,677,500.00	23,958,638.16	3,787,967.17	53.6	62.1
July 12, 2014	43,953,000.00	23,312,866.10	3,469,344.95	53.0	60.9
January 12, 2015	43,228,500.00	22,668,510.29	3,144,902.42	52.4	59.7
July 12, 2015	42,504,000.00	22,013,311.21	2,815,492.59	51.8	58.4
January 12, 2016	41,779,500.00	21,300,588.24	2,477,860.38	51.0	56.9
July 12, 2016	41,055,000.00	20,553,196.77	2,138,382.45	50.1	55.3
January 12, 2017	40,330,500.00	19,816,189.55	1,801,180.30	49.1	53.6



Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form 424B2

July 12, 2017	39,606,000.00	19,105,414.01	1,466,855.17	48.2	51.9
January 12, 2018	38,881,500.00	18,605,708.37	1,130,125.26	47.9	50.8
July 12, 2018	38,157,000.00	17,934,035.73	785,790.25	47.0	49.1
January 12, 2019	37,432,500.00	17,548,547.68	0.00	46.9	
July 12, 2019	36,708,000.00	17,059,229.55	0.00	46.5	
January 12, 2020	35,983,500.00	16,571,128.59	0.00	46.1	
July 12, 2020	35,259,000.00	16,071,685.82	0.00	45.6	
January 12, 2021	34,534,500.00	0.00	0.00		

IV-9

---

**Table of Contents**

Date	N87531				
	Assumed	Outstanding Balance		Loan to Value Ratio	
		Aircraft Value	Series A	Series B	Series A
		Equipment Notes	Equipment Notes	Equipment Notes	Equipment Notes
At Issuance	\$ 48,300,000.00	\$ 26,728,000.00	\$ 5,220,000.00	55.3%	66.1%
July 12, 2011	48,300,000.00	26,728,000.00	5,220,000.00	55.3	66.1
January 12, 2012	47,575,500.00	26,432,029.14	5,034,557.33	55.6	66.1
July 12, 2012	46,851,000.00	25,913,160.09	4,729,288.23	55.3	65.4
January 12, 2013	46,126,500.00	25,269,130.50	4,418,672.44	54.8	64.4
July 12, 2013	45,402,000.00	24,622,561.01	4,106,949.13	54.2	63.3
January 12, 2014	44,677,500.00	23,958,638.16	3,787,967.17	53.6	62.1
July 12, 2014	43,953,000.00	23,312,866.10	3,469,344.95	53.0	60.9
January 12, 2015	43,228,500.00	22,668,510.29	3,144,902.42	52.4	59.7
July 12, 2015	42,504,000.00	22,013,311.21	2,815,492.59	51.8	58.4
January 12, 2016	41,779,500.00	21,300,588.24	2,477,860.38	51.0	56.9
July 12, 2016	41,055,000.00	20,553,196.77	2,138,382.45	50.1	55.3
January 12, 2017	40,330,500.00	19,816,189.55	1,801,180.30	49.1	53.6
July 12, 2017	39,606,000.00	19,105,414.01	1,466,855.17	48.2	51.9
January 12, 2018	38,881,500.00	18,605,708.37	1,130,125.26	47.9	50.8
July 12, 2018	38,157,000.00	17,934,035.73	785,790.25	47.0	49.1
January 12, 2019	37,432,500.00	17,548,547.68	0.00	46.9	
July 12, 2019	36,708,000.00	17,059,229.55	0.00	46.5	
January 12, 2020	35,983,500.00	16,571,128.59	0.00	46.1	
July 12, 2020	35,259,000.00	16,071,685.82	0.00	45.6	
January 12, 2021	34,534,500.00	0.00	0.00		

IV-10

**Table of Contents**

**PROSPECTUS**

**CONTINENTAL AIRLINES, INC.  
Pass Through Certificates**

This prospectus relates to pass through certificates to be issued by one or more trusts that we will form, as creator of each pass through trust, with a national or state bank or trust company, as trustee. The trustee will hold all property owned by a trust for the benefit of holders of pass through certificates issued by that trust. Each pass through certificate issued by a trust will represent a beneficial interest in all property held by that trust.

We will describe the specific terms of any offering of pass through certificates in a prospectus supplement to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

This prospectus may not be used to consummate sales of pass through certificates unless accompanied by a prospectus supplement.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The date of this prospectus is April 24, 2009.

---

**Table of Contents**

**TABLE OF CONTENTS**

Forward-Looking Statements	1
Where You Can Find More Information	1
Incorporation of Certain Documents by Reference	1
Ratio of Earnings to Fixed Charges	3
Legal Opinions	3
Experts	3

**FORWARD-LOOKING STATEMENTS**

This prospectus, any prospectus supplement delivered with this prospectus and the documents we incorporate by reference may contain statements that constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements include any statements that predict, forecast, indicate or imply future results, performance or achievements, and may contain the words believe, anticipate, expect, estimate, project, will be, will continue, will result, or words or phrases of similar meaning.

Any such forward-looking statements are not assurances of future performance and involve risks and uncertainties. Actual results may vary materially from anticipated results for a number of reasons, including those stated in our SEC reports incorporated in this prospectus by reference or as stated in a prospectus supplement to this prospectus under the caption Risk Factors .

All forward-looking statements attributable to us are expressly qualified in their entirety by the cautionary statements above.

**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and special reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet world wide web site that contains reports, proxy statements and other information about issuers, like us, who file reports electronically with the SEC. The address of that site is <http://www.sec.gov>.

We have filed with the SEC a registration statement on Form S-3, which registers the securities that we may offer under this prospectus. The registration statement, including the exhibits and schedules thereto, contains additional relevant information about us and the securities offered.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information into this prospectus. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by subsequent incorporated documents or by information that is included directly in this prospectus or any prospectus

supplement.

**Table of Contents**

This prospectus incorporates by reference the documents listed below that we previously have filed with the SEC and that are not delivered with this prospectus. They contain important information about our company and its financial condition.

<b>Filing</b>	<b>Date Filed</b>
Current Report on Form 8-K	January 6, 2009
Current Report on Form 8-K	February 3, 2009
Annual Report on Form 10-K for the year ended December 31, 2008	February 19, 2009
Current Report on Form 8-K	March 3, 2009
Current Report on Form 8-K	April 2, 2009
Quarterly Report on Form 10-Q for the quarter ended March 31, 2009	April 24, 2009
Current Report on Form 8-K	April 24, 2009

Our SEC file number is 1-10323.

We incorporate by reference additional documents that we may file with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act (excluding any information furnished under Items 2.02 or 7.01 in any Current Report on Form 8-K) between the date of this prospectus and the termination of the offering of securities under this prospectus. These documents include our periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as our proxy statements.

You may obtain any of these incorporated documents from us without charge, excluding any exhibits to those documents unless the exhibit is specifically incorporated by reference in such document. You may obtain documents incorporated by reference in this prospectus by requesting them from us in writing or by telephone at the following address:

Continental Airlines, Inc.  
1600 Smith Street, Dept. HQSEO  
Houston, Texas 77002  
Attention: Secretary  
(713) 324-5000.

**CONTINENTAL AIRLINES, INC.**

We are the world's fifth largest airline as measured by the number of scheduled miles flown by revenue passengers in 2008. Including our wholly-owned subsidiary, Continental Micronesia, Inc. ( CMI ), and regional flights operated on our behalf under capacity purchase agreements with other carriers, we operate more than 2,300 daily departures. As of March 31, 2009, we served 121 domestic and 121 international destinations and offered additional connecting service through alliances with domestic and foreign carriers. We directly served ten Canadian cities, 25 European cities, seven South American cities and six Asian cities from the U.S. mainland as of March 31, 2009. In addition, we provide service to more destinations in Mexico and Central America than any other U.S. airline, serving 39 cities. Through our Guam hub, CMI provides extensive service in the western Pacific, including service to more Japanese cities than any other U.S. carrier.

We are a Delaware corporation, with executive offices located at 1600 Smith Street, Houston, Texas 77002. Our telephone number is (713) 324-5000.

## **USE OF PROCEEDS**

Unless otherwise indicated in an accompanying prospectus supplement, we intend to use the proceeds from the sale of the securities for general corporate purposes, which may include repayment of indebtedness and the funding of a portion of our pension liabilities, and our working capital requirements.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

The following table contains our consolidated ratio of earnings to fixed charges for the periods indicated.

	<b>Year Ended December 31,</b>					<b>Three Months Ended March 31,</b>
	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Ratio of earnings to fixed charges	(a)	(a)	1.25	1.42	(a)	(a)

(a) For the years ended December 31, 2004, 2005, and 2008, and the three months ended March 31, 2009, earnings were insufficient to cover fixed charges by \$496 million, \$109 million, \$702 million, and \$135 million, respectively.

The ratio of earnings to fixed charges is based on continuing operations. For purposes of the ratio, earnings means the sum of:

our pre-tax income (loss) adjusted for undistributed income of companies in which we have a minority equity interest; and

our fixed charges, net of interest capitalized.

Fixed charges represent:

the interest expense we record on borrowed funds;

the amount we amortize for debt discount, premium and issuance expense and interest previously capitalized; and

that portion of rentals considered to be representative of the interest expense.

**LEGAL OPINIONS**

Unless otherwise indicated in the applicable prospectus supplement, our counsel, Hughes Hubbard & Reed LLP, New York, New York, will render an opinion with respect to the validity of the certificates being offered by such prospectus supplement.

**EXPERTS**

Our consolidated financial statements appearing in our Current Report on Form 8-K filed on April 24, 2009 and the effectiveness of our internal control over financial reporting included in our Annual Report on Form 10-K for the year ended December 31, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in its reports thereon, which are incorporated by reference herein. Our financial statements are



incorporated by reference in reliance upon such reports given on the authority of Ernst & Young LLP as experts in accounting and auditing.

**Table of Contents**