CONTINENTAL AIRLINES INC /DE/
Form 424B3
December 12, 2012
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Registration No. 333-181014-01

This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, as amended, but it is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED DECEMBER 12, 2012

PROSPECTUS SUPPLEMENT TO PROSPECTUS, DATED APRIL 27, 2012

$200,000,000

2012-1C PASS THROUGH TRUST

CLASS C PASS THROUGH CERTIFICATES, SERIES 2012-1

The Continental Airlines Class C Pass Through Certificates, Series 2012-1, are being offered under this prospectus supplement. The Class A and Class B Pass Through Certificates of the same series were originally issued on March 22, 2012 and are not being offered under this prospectus supplement. The Class C certificates will rank junior to such Class A and Class B certificates. The Class C certificates represent interests in a trust to be established in connection with this offering.

The proceeds from the sale of the Class C certificates will be used by the Class C trust to acquire Series C equipment notes issued by Continental Airlines, Inc. The Series C equipment notes will be secured by 20 Boeing aircraft currently owned by Continental and one additional Boeing aircraft scheduled for delivery in December 2012. These 21 aircraft will also secure equipment notes issued to the trusts for the Class A and Class B certificates. Any proceeds of the Class C certificates not used to acquire Series C equipment notes on the issuance date of the Class C certificates will be held in escrow and will bear interest at the same rate as the Class C certificates. The Class C trust will use the escrowed funds to acquire Series C equipment notes when issued by Continental during the period for issuance of Series C equipment notes established for purposes of this offering.

Interest on the Series C equipment notes will be payable semiannually on each April 11 and October 11 after issuance, and the entire principal amount of the Series C equipment notes will be scheduled for payment on April 11, 2018. Interest paid on the Series C equipment notes and on the escrowed funds will be distributed to holders of the Class C certificates on each April 11 and October 11, commencing April 11, 2013. The Class C certificates will not have the benefit of any liquidity facility.

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

The Class C certificates will be subject to transfer restrictions. They may be sold only to qualified institutional buyers, as defined in Rule 144A under the Securities Act of 1933, as amended, for so long as they are outstanding.

Investing in the Class C certificates involves risks. See Risk Factors beginning on page S-18.

Pass Through Certificates	Face Amount	Interest Rate	Final Expected Distribution Date	Price to Public(1)
Class C	$200,000,000	%	April 11, 2018	100%

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

The underwriters will purchase all of the Class C certificates if any are purchased. The aggregate proceeds from the sale of the Class C certificates will be $200,000,000. Continental will pay the underwriters a commission of $. Delivery of the Class C certificates in book-entry form only will be made on or about December , 2012.

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.

Lead Bookrunners

Credit Suisse
Joint Structuring Agent

MORGAN STANLEY
Joint Structuring Agent

Goldman, Sachs & Co.

Bookrunners

Citigroup

Deutsche Bank Securities

Co-Managers

Barclays

BofA Merrill Lynch

J.P. Morgan

The date of this prospectus supplement is December , 2012.

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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.

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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.

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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 Class C 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

	Previously Issued		
	Class A Certificates	**Class B Certificates**	**Class C Certificates**
Aggregate Face Amount(1)	$753,035,000	$139,103,000	$200,000,000
Interest Rate	4.150%	6.250%	%
Initial Loan to Aircraft Value (cumulative)(2)	56.6%	67.1%	82.1%
Highest Loan to Aircraft Value (cumulative)(2)	56.6%	67.1%	82.1%
Expected Principal Distribution Window (in years)	1.6 -12.1	1.6 - 8.1	5.3
Regular Distribution Dates	April 11 and October 11	April 11 and October 11	April 11 and October 11
Final Expected Distribution Date	April 11, 2024	April 11, 2020	April 11, 2018
Final Maturity Date	October 11, 2025	October 11, 2021	April 11, 2018
Minimum Denomination	$1,000	$1,000	$1,000
Section 1110 Protection	Yes	Yes	Yes
Liquidity Facility Coverage	3 semiannual interest payments	3 semiannual interest payments	None

(1) Amounts are as of the expected Issuance Date.

(2) See Loan to Aircraft Value Ratios . These percentages are determined as of April 11, 2013, 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 April 11, 2013 and that the aggregate appraised value of such Aircraft is $1,330,194,865 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 .

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Equipment Notes and the Aircraft

The 21 Boeing aircraft expected to secure the Series C Equipment Notes to be purchased by the Class C Trust pursuant to this Offering will consist of 20 aircraft that were acquired by Continental prior to the date of this Prospectus Supplement and one aircraft scheduled for delivery in December 2012. These aircraft will also secure the Senior Equipment Notes that are held for the Class A Trust and Class B Trust. Set forth below is certain information about these aircraft (assuming for the purposes of the chart below that all of these aircraft are financed hereunder) and the Equipment Notes relating to each such aircraft:

Aircraft Type	Registration Number	Manufacturer s Serial Number	Delivery Month	Appraised Value(1)	Principal Amount of Senior Equipment Notes	Principal Amount of Series C Equipment Notes	Series C Equipment Notes LTV(2)
Previously Delivered							
Boeing 737-924ER	N75432	32835	February 2009	$ 42,970,000	$ 28,454,000	$ 6,274,000	80.8%
Boeing 737-924ER	N75433	33527	March 2009	42,990,000	28,524,000	6,220,000	80.8
Boeing 737-924ER	N75435	33529	May 2009	43,210,000	28,810,000	6,112,000	80.8
Boeing 737-924ER	N36447	31650	February 2012	51,293,333	33,912,000	7,543,000	80.8
Boeing 737-924ER	N81449	31651	March 2012	51,400,000	33,949,000	7,592,000	80.8
Boeing 737-924ER	N78448	40003	March 2012	51,380,000	33,949,000	7,576,000	80.8
Boeing 737-924ER	N38451	31646	April 2012	51,556,667	34,032,000	7,635,000	80.8
Boeing 737-924ER	N39450	40004	April 2012	51,540,000	34,032,000	7,622,000	80.8
Boeing 737-924ER	N68452	40005	May 2012	51,643,333	34,069,000	7,669,000	80.8
Boeing 737-924ER	N68453	41742	May 2012	51,650,000	34,069,000	7,674,000	80.8
Boeing 737-924ER	N38454	31640	June 2012	51,730,000	34,108,000	7,700,000	80.8
Boeing 737-924ER	N34455	41743	June 2012	51,740,000	34,108,000	7,708,000	80.8
Boeing 737-924ER	N37456	37205	September 2012	52,136,667	34,334,000	7,802,000	80.8
Boeing 737-924ER	N28457	41744	September 2012	52,136,667	34,334,000	7,802,000	80.8
Boeing 737-924ER	N38458	37199	September 2012	52,146,667	34,461,000	7,683,000	80.8
Boeing 737-924ER	N38459	37206	October 2012	52,363,333	34,461,000	7,858,000	80.8
Boeing 737-924ER	N34460	37200	November 2012	52,423,333	34,497,000	7,871,000	80.8
Boeing 787-8	N20904	34824	September 2012	123,230,000	81,819,000	17,885,000	80.9
Boeing 787-8	N26906	34829	October 2012	123,840,000	82,014,000	18,183,000	80.9
Boeing 787-8	N26902	34822	November 2012	124,620,000	82,101,000	18,727,000	80.9
Future Delivery(3)							
Boeing 787-8	N45905	34825	December 2012	124,790,000	82,101,000	18,864,000	80.9

(1) The appraised value of each Aircraft set forth above is the lesser of the average and median base values of such Aircraft as appraised by three independent appraisal and consulting firms in November or December 2012. Such appraisals indicate appraised base value. For Aircraft not delivered to Continental as of the date of such appraisal, the appraised base value is projected as of the scheduled delivery month of the applicable Aircraft. In some cases with respect to Aircraft delivered to Continental prior to the date of the applicable appraisal, the appraised base value was 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 .

(2) The LTV for the Series C Equipment Notes for each Aircraft was obtained by dividing (i) the principal amount of such Series C Equipment Notes together with the outstanding aggregate principal amount of the Senior Equipment Notes for such Aircraft, assuming that such Series C Equipment Notes and, in the case of the Future Delivery Aircraft, the applicable Senior Equipment Notes were issued as of the date of this Prospectus Supplement, by (ii) the appraised value of such Aircraft as of such date.

(3)

In the case of the Future Delivery Aircraft listed under Future Delivery , the indicated registration number, manufacturer s serial number and delivery month reflect our current expectations, although these may differ for the actual aircraft financed hereunder. The deadline for purposes of financing the Future Delivery Aircraft pursuant to this Offering is March 31, 2013 (or later under certain circumstances). The actual delivery date for the Future Delivery 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 another aircraft if the scheduled delivery date of the Future Delivery Aircraft is expected to be delayed for more than 30 days after the month scheduled for delivery. See Description of the Aircraft and the Appraisals Substitute Aircraft . No Series C Equipment Notes relating to any Aircraft will be issued until after the Future Delivery Aircraft has been financed using Senior Equipment Notes or the Delivery Period Termination Date has occurred.

Loan to Aircraft Value Ratios

The following table sets forth loan to Aircraft value ratios (LTVs) for each Class of Certificates as of April 11, 2013, 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 are not shown for any Class of Certificates for the period prior to April 11, 2013 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 and therefore the LTVs for the Class C Certificates are not meaningful prior to that date. 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 .

	Assumed Aggregate Aircraft Value(1)	Outstanding Face Amount(2)		LTV(3)	
Regular Distribution Date		**Senior Certificates**	**Class C Certificates**	**Senior Certificates**	**Class C Certificates**
April 11, 2013	$ 1,330,194,865	$ 892,138,000	$ 200,000,000	67.1%	82.1%
October 11, 2013	1,309,599,730	866,557,057	200,000,000	66.2	81.4
April 11, 2014	1,289,004,595	840,976,115	200,000,000	65.2	80.8
October 11, 2014	1,268,409,460	815,395,172	200,000,000	64.3	80.1
April 11, 2015	1,247,814,325	789,814,229	200,000,000	63.3	79.3
October 11, 2015	1,227,219,190	764,233,286	200,000,000	62.3	78.6
April 11, 2016	1,206,624,055	738,652,344	200,000,000	61.2	77.8
October 11, 2016	1,186,028,920	713,071,401	200,000,000	60.1	77.0
April 11, 2017	1,165,433,785	687,490,458	200,000,000	59.0	76.2
October 11, 2017	1,144,838,650	661,909,515	200,000,000	57.8	75.3
April 11, 2018	1,124,243,516	636,328,573		56.6	0.0
October 11, 2018	1,103,648,381	610,747,630		55.3	0.0
April 11, 2019	1,083,053,246	585,166,687		54.0	0.0
October 11, 2019	1,062,458,111	559,585,744		52.7	0.0
April 11, 2020	1,041,862,976	493,591,080		47.4	0.0
October 11, 2020	1,021,267,841	475,059,372		46.5	0.0
April 11, 2021	1,000,672,706	456,527,663		45.6	0.0
October 11, 2021	980,077,571	437,995,955		44.7	0.0
April 11, 2022	959,482,436	419,464,246		43.7	0.0
October 11, 2022	938,887,301	400,932,538		42.7	0.0
April 11, 2023	918,292,166	382,400,829		41.6	0.0
October 11, 2023	897,697,031	363,869,121		40.5	0.0
April 11, 2024	877,101,896			0.0	0.0

(1) We have assumed that all Aircraft will be financed under this Offering prior to April 11, 2013, and that the appraised value of each Aircraft, determined as described under Equipment Notes and the Aircraft , declines from that of the initial appraised value of such Aircraft by approximately 3% per 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 expected outstanding face amounts of the Senior Certificates and Class C Certificates, we have assumed that the Trusts will acquire the Equipment Notes for all Aircraft. Outstanding face amounts 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 the Senior Certificates and Class C Certificates were obtained for each Regular Distribution Date by dividing (i) the expected outstanding face amount of such Certificates (together, in the case of the Class C Certificates with the expected outstanding face amount of the Senior 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. For purposes of these calculations, it has been assumed that all of the Aircraft are financed hereunder. The outstanding face amounts and LTVs of the Senior Certificates and Class C Certificates will change if the Trusts do not acquire Equipment Notes with respect to all the Aircraft.

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Cash Flow Structure

Set forth below is a diagram illustrating the structure for certain cash flows relevant to the Class C Certificates and the Series C Equipment Notes to be issued in connection with this Offering.

(1) The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture.
(2) Advances by Liquidity Providers will not cover any amounts distributable with respect to the Class C Certificates.
(3) The proceeds of the offering of the Class C Certificates that are not used to purchase Series C Equipment Notes on the Issuance Date will initially be held in escrow and deposited with the Depositary. The Depositary will hold such funds as interest-bearing Deposits. If the Future Delivery Aircraft is not financed using Senior Equipment Notes prior to the Issuance Date, after such Future Delivery Aircraft has been so financed or the Delivery Period Termination Date has occurred, the Class C Trust will withdraw funds from the Deposits with respect to the Class C Trust to purchase Series C Equipment Notes with respect to all Aircraft previously financed using Senior Equipment Notes, subject to the terms of the Note Purchase

Agreement. The scheduled payments of interest on the Series C Equipment Notes and on the Deposits with respect to the Class C Trust, taken together, will be sufficient to pay accrued interest on the outstanding Class C Certificates. If any funds remain as Deposits with respect to the Class C Trust at the Class C Period Termination Date, such funds will be withdrawn by the Escrow Agent and distributed to the holders of the Class C Certificates, together with accrued and unpaid interest thereon but without premium. No interest will accrue with respect to the Deposits after they have been fully withdrawn. There are also separate escrow and depositary arrangements for the Class A and Class B Certificates.

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The Offering

Certificates Offered	Class C Pass Through Certificates, Series 2012-1.
	The Class A and Class B Certificates of the same series were issued on March 22, 2012 and are not being offered under this Prospectus Supplement.
	Each Class of Certificates will represent a fractional undivided interest in a related Trust.
Use of Proceeds	The proceeds from the sale of the Class C Certificates will be used as follows:
	If applied to acquire Series C Equipment Notes issued with respect to Aircraft previously delivered to Continental, such proceeds will be used for general corporate purposes.
	If applied to acquire Series C Equipment Notes issued with respect to the Future Delivery Aircraft, such proceeds will be used to finance Continental s acquisition of such Future Delivery Aircraft.
	If not applied to acquire Series C Equipment Notes on the Issuance Date, such proceeds will be deposited with the Depositary. Such Deposits thereafter are expected to be withdrawn to acquire Series C Equipment Notes.
Class C Trustee and Paying Agent	Wilmington Trust, National Association.
Subordination Agent and Loan Trustee	Wilmington Trust Company.
Escrow Agent	U.S. Bank National Association.
Depositary	Natixis S.A., acting through its New York Branch.
Trust Property	The property of the Class C Trust will include:
	Series C Equipment Notes acquired by the Class C Trust.
	Funds from time to time deposited with the Class C Trustee in accounts relating to the Class C Trust, including payments made by Continental on the Series C Equipment

Notes held in the Class C Trust.

Regular Distribution Dates	April 11 and October 11, commencing on April 11, 2013.
Record Dates	The fifteenth day preceding the related Distribution Date.
Distributions	The Class C Trustee will distribute all payments of principal, premium (if any) and interest received on the Series C Equipment Notes held in the Class C Trust to the Class C Certificateholders, subject to the subordination provisions applicable to the Class C Certificates.

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Scheduled payments of principal and interest made on the Series C Equipment Notes will be distributed on the applicable Regular Distribution Dates to the Class C Certificateholders.

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

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

Third, to the holders of the Class C Certificates to pay interest on the Preferred C Pool Balance.

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

Fifth, 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.

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

Seventh, to the holders of the Class C Certificates to pay interest on the Pool Balance of the Class C Certificates not previously distributed under clause Third above.

Eighth, to the holders of the Class C Certificates to make distributions in respect of the Pool Balance of the Class C 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.

	Upon payment of final distributions to the holders of Class B Certificates, the Class C 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.
	The Class C Certificateholders 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.
Escrowed Funds	Funds in escrow for the Class C Certificateholders will be held by the Depositary as Deposits relating to the Class C Trust. The Class C Trustee may withdraw these funds from time to time to purchase Series C Equipment Notes on or prior to the deadline established for purposes of this Offering. On each Regular Distribution Date, the Depositary will pay interest accrued on the Deposits relating to the Class C Trust at a rate per annum equal to the interest rate applicable to the Class C Certificates. The Deposits relating to the Class C Trust and interest paid thereon will not be subject to the subordination provisions applicable to the Class C Certificates. The Deposits cannot be used to pay any other amount in respect of the Class C Certificates.
Unused Escrowed Funds	All of the Deposits relating to the Class C Trust held in escrow might not be used to purchase Series C Equipment Notes by the 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 the Class C Trust after such deadline, such funds will be withdrawn by the Escrow Agent and distributed, with accrued and unpaid interest, to the Class C Certificateholders after at least 15 days prior written notice. See Description of the Deposit Agreement Unused Deposits .
Obligation to Purchase Equipment Notes	If the Future Delivery Aircraft has been financed using Senior Equipment Notes prior to the Issuance Date, then on the Issuance Date the Class C Trustee will purchase Series C Equipment Notes for

all of the Aircraft. However, if the Future Delivery Aircraft is not financed using Senior Equipment Notes prior to the Issuance Date, Series C Equipment Notes for the Aircraft will not be purchased by the Class C Trustee until after the Future Delivery Aircraft has been so financed or the Delivery Period Termination Date has occurred.

The Class C Trustee will be obligated to purchase the Series C Equipment Notes issued with respect to each Aircraft pursuant to the Note Purchase Agreement. The Note Purchase Agreement provides that the financing agreements for each Aircraft will be amended to provide for the issuance of the Series C Equipment Notes. Also, in the case of the Future Delivery Aircraft, Continental will enter into a secured debt financing with respect to such Future Delivery Aircraft pursuant to forms of financing agreements prescribed by 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 Class C Trustee that any substantive modifications do not materially and adversely affect the Class C 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 prescribed by the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the rating of the Class C Certificates.

The Class C Trustee will not be obligated to purchase Series C 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 .

Equipment Notes

(a) Issuer	Continental. Continental s executive offices are located at 1600 Smith Street, Houston, Texas 77002. Continental s telephone number is (713) 324-2950.
(b) Interest	The Series C Equipment Notes held in the Class C Trust will accrue interest at the rate per annum for the Class C Certificates issued by the Class C Trust set forth on the cover page of this Prospectus Supplement. Interest will be payable on April 11 and October 11 of each year, commencing on the first such date after issuance of such Series C Equipment Notes. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.
(c) Principal	The entire principal amount of the Series C Equipment Notes is scheduled to be paid on April 11, 2018.
(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

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	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 redeem all of the Series B or Series C Equipment Notes in connection with a refinancing of such Series of Equipment Notes. 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 Series C Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft.
(f) Substitution for Certain Currently-Owned Aircraft	Continental may elect to release any of the Aircraft acquired by it in 2009 from the security interest of the Equipment Notes and replace it with an aircraft of the same model, 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 Series C Equipment Notes held in the Class C Trust 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 Class C Trustee that the benefits of Section 1110 of the U.S. Bankruptcy Code will be available with respect to the Series C Equipment Notes.

Certain U.S. Federal Tax Consequences

Each person acquiring an interest in Class C Certificates generally should report on its federal income tax return its pro rata share of

	income from the Deposits relating to the Class C Trust and income from the Series C Equipment Notes and other property held by the Class C Trust. See Certain U.S. Federal Tax Consequences .
Certain ERISA Considerations	Each person who acquires a Class C Certificate will be deemed to have represented that either: (a) no employee benefit plan assets have been used to purchase or hold such Class C Certificate or (b) the purchase and holding of such Class C 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 .
Transfer Restrictions for Class C Certificates	The Class C Certificates may be sold only to qualified institutional buyers, as defined in Rule 144A under the Securities Act, for so long as they are outstanding.

	Fitch	**Moody s**	**Standard & Poor s**
Threshold Rating for the Depositary	Long-term	Short-term	Long-term
	A-	P-1	A-

Depositary Rating	The Depositary meets the Depositary Threshold Rating requirement.

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, 2012 and 2011 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, 2012, and incorporated by reference in this Prospectus Supplement. The following selected consolidated financial data for the year ended December 31, 2011, the three months ended December 31, 2010, the nine months ended September 30, 2010 and the year ended December 31, 2009, 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, 2011 and incorporated by reference in this Prospectus Supplement, and should be read in conjunction with those financial statements. The following balance sheet data, as adjusted, as of December 31, 2008 and selected consolidated financial data for the year ended December 31, 2008 are derived from the selected financial data contained in Continental s Annual Report on Form 10-K for the year ended December 31, 2010.

Continental expects that Continental and United will be combined as a single legal entity at some subsequent date (the Airlines Merger). Once the Airlines Merger occurs, the financial statements of United and Continental will be combined for all periods presented from October 1, 2010, which is the date on which Continental became a wholly-owned subsidiary of UAL, at their historical cost, and there will no longer be a requirement to separately report the historical financial statements of Continental. The Unaudited Pro Forma Condensed Combined Balance Sheet of United and Continental included in Exhibit 99.1 to the Quarterly Report of Continental and United on Form 10-Q for the period ended September 30, 2012 (Exhibit 99.1), which is incorporated by reference into this Prospectus Supplement, combines the historical consolidated balance sheet of Continental and United as of September 30, 2012. The Unaudited Pro Forma Condensed Combined Statement of Operations of United and Continental included in Exhibit 99.1 combines the historical consolidated statement of operations of Continental and United for the nine months ended September 30, 2012 and the year ended December 31, 2011.

	Successor(1)				Predecessor(1)		
	Nine Months Ended September 30,		Year Ended December 31,	Three Months Ended December 31,	Nine Months Ended September 30,	Year Ended December 31,	
	2012	2011	2011	2010	2010	2009	2008
	(In millions)				(In millions)		
Statement of Operations Data(2):							
Operating revenue	$ 13,023	$ 12,214	$ 16,175	$ 3,563	$ 10,788	$ 12,623	$ 15,350
Operating expenses	12,286	11,451	15,225	3,585	10,068	12,767	15,662
Operating income (loss)	737	763	950	(22)	720	(144)	(312)
Net income (loss)	534	441	569	(95)	441	(282)	(586)

	Successor(1)				Predecessor(1)			
	Nine Months Ended September 30,		Year Ended December 31,	Three Months Ended December 31,	Nine Months Ended September 30,	Year Ended December 31,		
	2012	2011	2011	2010	2010	2009	2008	2007
Ratio of Earnings to Fixed Charges(3)	1.97	1.52	1.49		1.47			1.42

(1) As a result of the application of the acquisition method of accounting, the Continental financial statements prior to October 1, 2010 are not comparable with the financial statements for periods on or after October 1, 2010. References to Successor refer to Continental on or after October 1, 2010, after giving effect to the application of acquisition accounting. References to Predecessor refer to Continental prior to October 1, 2010. Amounts for 2008 were adjusted to reflect the change in classification of certain revenues and expenses in the statements of consolidated operations.

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

	Successor(1)				Predecessor(1)		
	Nine Months Ended September 30,		Year Ended December 31,	Three Months Ended December 31,	Nine Months Ended September 30,	Year Ended December 31,	
	2012	2011	2011	2010	2010	2009	2008
	(In millions)				(In millions)		
Operating (expense) income:							
Pension settlement/curtailment charges			$	$	$	$ (29)	$ (52)
Aircraft-related charges, net of gains on sales of aircraft	4	4	6		(6)	(89)	(40)
Salary and severance related				(138)		(5)	(34)
Intangible asset impairments			(4)			(12)	(55)
Other			(4)		(12)	(10)	
Merger and integration-related costs	(126)	(111)	(157)	(63)	(29)		
Labor agreement costs	(158)						
Nonoperating (expense) income:							
Gains on sale of investments							78
Loss on fuel hedge contracts with Lehman Brothers							(125)
Write-down of auction rate securities, net of put right received							(34)
Income tax credit related to NOL utilization							28

(3) 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 expense, 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 three months ended December 31, 2010 and the years ended December 31, 2009 and 2008, earnings were inadequate to cover fixed charges and the coverage deficiency was $103 million, $436 million and $702 million, respectively.

	Successor(1)				Predecessor(1)	
	As of September 30,		As of December 31,		As of December 31,	
	2012	2011	2011	2010	2009	2008
	(In millions)				(In millions)	
Balance Sheet Data:						
Unrestricted cash, cash equivalents and short-term investments	$ 3,324	$ 4,095	$ 4,023	$ 4,009	$ 2,856	$ 2,643
Total assets	19,651	20,581	20,164	20,379	12,558	12,429
Long-term debt and capital leases(2)	5,174	5,291	5,150	5,714	5,291	5,354
Stockholders equity	4,930	4,635	4,325	4,310	590	123

(1) As a result of the application of the acquisition method of accounting, the Continental financial statements prior to October 1, 2010 are not comparable with the financial statements for periods on or after October 1, 2010. References to Successor refer to Continental on or after October 1, 2010, after giving effect to the application of acquisition accounting. References to Predecessor refer to Continental prior to October 1, 2010. Amounts for 2008 were adjusted to reflect the change in classification of certain revenues and expenses in the statements of consolidated operations.

(2) This does not include the current portion of long-term debt and capital leases.

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Selected Operating Data

Continental transports people and cargo through its mainline operations, which utilize jet aircraft with at least 108 seats, and its regional operations. As of September 30, 2012, flights in Continental s regional segment were operated by ExpressJet Airlines, Chautauqua Airlines, CommutAir and Colgan Airlines under capacity purchase agreements with Continental and Cape Air and Silver Airways under prorate agreements with Continental. The following does not reflect the operations of United, although Continental and United have been migrating since October 2010 to operate as a single passenger service system.

	Successor				Predecessor		
	Nine Months Ended September 30,		Year Ended December 31,	Three Months Ended December 31,	Nine Months Ended September 30,	Year Ended December 31,	
	2012	2011	2011	2010	2010	2009	2008
Mainline Operations:							
Passengers (thousands)(1)	34,805	34,749	45,859	11,240	34,087	45,573	48,682
Revenue passenger miles (millions)(2)	63,175	62,485	82,133	19,836	62,278	79,824	82,806
Available seat miles (millions)(3)	76,435	76,085	100,472	24,103	74,147	97,407	102,527
Cargo ton miles (millions)	617	700	930	282	825	948	1,005
Passenger load factor(4):							
Mainline	82.7%	82.1%	81.7%	82.3%	84.0%	81.9%	80.8%
Domestic	84.1%	83.9%	83.3%	83.6%	85.2%	84.8%	83.3%
International	81.2%	80.4%	80.2%	81.0%	82.9%	79.2%	78.2%
Passenger revenue per available seat mile (cents)	12.17	11.78	11.76	10.81	10.49	9.26	10.86
Average yield per revenue passenger mile (cents)(5)	14.73	14.34	14.39	13.13	12.49	11.30	13.45
Average fare per revenue passenger	$ 267.32	$ 257.91	$ 257.66	$ 231.76	$ 228.15	$ 198.01	$ 228.79
Cost per available seat mile, including special charges (cents)	13.19	12.49	12.56	12.51	11.24	10.79	12.48
Special charges (credits) and merger-related costs per available seat mile (cents)	0.37	0.14	0.15	0.83	0.06	0.13	0.15
Average price per gallon of fuel, including fuel taxes	3.27	3.06	3.09	2.39	2.25	2.02	3.32
Fuel gallons consumed (millions)	1,087	1,071	1,413	341	1,054	1,395	1,498
Aircraft in fleet at end of period(6)	343	347	346	350	348	337	350
Average length of aircraft flight (miles)	1,639	1,607	1,614	1,559	1,625	1,550	1,494
Average daily utilization of each aircraft (hours)(7)	11:02	10:43	10:42	10:50	10:43	10:37	11:06
Regional Operations:							
Passengers (thousands)(1)	16,190	13,715	18,459	4,249	13,335	17,236	18,010
Revenue passenger miles (millions)(2)	7,681	6,939	9,320	2,281	7,287	9,312	9,880
Available seat miles (millions)(3)	9,915	9,115	12,241	2,936	9,218	12,147	12,984
Passenger load factor(4)	77.5%	76.1%	76.1%	77.7%	79.1%	76.7%	76.1%
Passenger revenue per available seat mile (cents)	22.42	21.09	21.25	19.07	18.72	16.60	19.24
Average yield per revenue passenger mile (cents)(5)	28.94	27.70	27.91	24.55	23.69	21.65	25.28
Aircraft in fleet at end of period(6)	266	265	265	252	252	264	282
Consolidated Operations:							
Passengers (thousands)(1)	50,995	48,464	64,318	15,489	47,422	62,809	66,692
Revenue passenger miles (millions)(2)	70,856	69,424	91,453	22,117	69,565	89,136	92,686
Available seat miles (millions)(3)	86,350	85,200	112,713	27,039	83,365	109,554	115,511
Passenger load factor(4)	82.1%	81.5%	81.1%	81.8%	83.4%	81.4%	80.2%
Passenger revenue per available seat mile (cents)	13.35	12.77	12.79	11.71	11.40	10.08	11.80
Total revenue per available seat mile (cents)	15.08	14.34	14.35	13.18	12.94	11.52	13.29
Average yield per revenue passenger mile (cents)(5)	16.27	15.68	15.76	14.31	13.66	12.39	14.71

(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, but exclude any aircraft that were subleased to other operators but not operated on our behalf.
(7) The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).

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RISK FACTORS

Unless the context otherwise requires, references in this Risk Factors section to United Continental Holdings, Inc. (UAL), United Air Lines, Inc. (United), and Continental Airlines, Inc. (Continental) include their respective consolidated subsidiaries, and references to the Company , we , us and our mean UAL, United and Continental collectively.

Risk Factors Relating to the Company

The Merger may present certain material risks to the Company s business and operations.

On May 2, 2010, UAL Corporation, Continental, and JT Merger Sub Inc., a wholly-owned subsidiary of UAL Corporation, entered into an Agreement and Plan of Merger providing for a merger of equals business combination. On October 1, 2010, JT Merger Sub Inc. merged with and into Continental, with Continental surviving as a wholly-owned subsidiary of UAL Corporation (the Merger). Upon closing of the Merger, UAL Corporation became the parent company of both Continental and United and UAL Corporation s name was changed to United Continental Holdings, Inc.

The Merger may present certain risks to the Company s business and operations including, among other things, risks that:

- we may be unable to successfully integrate the businesses and workforces of United and Continental;
- conditions, terms, obligations or restrictions relating to the Merger that may be imposed on us by regulatory authorities may adversely affect the Company s business and operations;
- we may be unable to successfully manage the expanded business with respect to monitoring new operations and associated increased costs and complexity;
- we may be unable to avoid potential liabilities and unforeseen increased expenses or delays associated with the Merger and integration;
- we may be unable to successfully 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 the Company and the Company s customers, vendors, suppliers, employees and other constituencies;
- branding or rebranding initiatives may involve substantial costs and may not be favorably received by customers; and
- we may experience disruption of, or inconsistencies in, each of United s and Continental s standards, controls, reports on operations, procedures, policies and services.

Accordingly, there can be no assurance that the Merger will result in the realization of the full benefits of synergies, innovation and operational efficiencies that we currently expect, that these benefits will be achieved within the anticipated timeframe or that we will be able to fully and accurately measure any such synergies.

In connection with the integration of Continental and United, Continental may take actions not to Continental s advantage as a stand-alone airline.

Since the Merger, Continental and United have been integrating their operations 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.

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. 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.

Continued periods of historically high fuel costs or significant disruptions in the supply of aircraft fuel could have a material adverse impact on the Company s operating results, financial position and liquidity.

Aircraft fuel has been the Company s single largest operating expense for the last several years. The availability and price of aircraft fuel significantly affects the Company s operations, results of operations, financial position and liquidity. While the Company arranges to have fuel shipped on major pipelines and stored close to its major hub locations to ensure supply continuity in the short term, the Company cannot predict the continued future availability of aircraft fuel.

At times, due to the highly competitive nature of the airline industry, the Company has not been able to increase its fares or other fees sufficiently to offset increased fuel costs. Continued volatility in fuel prices may negatively impact the Company s liquidity in the future. The Company may not be able to increase its fares or other fees if fuel prices rise in the future and any such fare or fee increases may not be sustainable in the highly competitive airline industry. In addition, any increases in fares or other fees may not sufficiently offset the fuel price increase and may reduce the demand for air travel.

The Company enters into hedging arrangements to protect against rising fuel costs. However, the Company s hedging programs may use significant amounts of cash due to posting of cash collateral in some circumstances, may not be successful in controlling fuel costs and may be limited due to market conditions and other factors. In addition, significant declines in fuel prices may increase the costs associated with the Company s fuel hedging arrangements to the extent it has entered into swaps or collars. Swaps and sold put options (as part of a collar) may 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. Declining crude and related prices may result in the Company posting significant amounts of collateral to cover potential amounts owed (beyond certain credit-based thresholds) with respect to swap and collar contracts that have not yet settled. Also, 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.

There can be no assurance that the Company s hedging arrangements will provide any particular level of protection against increases or declines in fuel costs or that its counterparties will be able to perform under the Company s hedging arrangements. Additionally, deterioration in the Company s financial condition could negatively affect its ability to enter into new hedge contracts in the future and may potentially require the Company to post increased amounts of collateral under its fuel hedging agreements.

See Note 13 to the financial statements included in Item 8 of the Company s Annual Report on Form 10-K for the year ended December 31, 2011 for additional information on the Company s hedging programs.

Economic and industry conditions constantly change and unfavorable global economic conditions may have a material adverse effect on the Company s business and results of operations.

The Company s business and results of operations are significantly impacted by general economic and industry conditions. 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. Robust demand for our air transportation services depends largely on favorable economic conditions, including the strength of the domestic and foreign economies, low unemployment levels, strong consumer confidence levels and the availability of consumer and business credit.

Air transportation is often a discretionary purchase that leisure travelers may limit or eliminate during difficult economic times. In addition, during periods of unfavorable economic conditions, business travelers

usually reduce the volume of their travel, either due to cost-saving initiatives or as a result of decreased business activity requiring travel. During the global recession in 2008 and 2009, the Company s business and results of operations were adversely affected due to significant declines in industry passenger demand, particularly with respect to the Company s business and premium cabin travelers, and a reduction in fare levels. In addition to its effect on demand for the Company s services, the recession severely disrupted the global capital markets, resulting in a diminished availability of financing and a higher cost for financing that was obtainable.

While some economic indicators that may reflect an economic recovery have exhibited growth, other economic indicators, such as unemployment, may not improve materially for an extended period of time. Stagnant or worsening global economic conditions either in the United States or in other geographic regions and continued volatility in U.S. and global financial and credit markets may have a material adverse effect on the Company s revenues, results of operations and liquidity. If such economic conditions were to disrupt capital markets in the future, the Company may be unable to obtain financing on acceptable terms (or at all) to refinance certain maturing debt and to satisfy future capital commitments.

The Company is subject to economic and political instability and other risks of doing business globally.

The Company is a global business with operations outside of the United States from which it derives approximately 40% of its operating revenues, as measured and reported to the U.S. Department of Transportation (the DOT). The Company s operations in Asia, Europe, Latin America, Africa and the Middle East are a vital part of its worldwide airline network. Volatile economic, political and market conditions in these international regions may have a negative impact on the Company s operating results and its ability to achieve its business objectives. In addition, significant or volatile changes in exchange rates between the U.S. dollar and other currencies, and the imposition of exchange controls or other currency restrictions, may have a material adverse impact upon the Company s liquidity, revenues, costs and operating results.

The Company may not be able to maintain adequate liquidity.

The Company has a significant amount of financial leverage from fixed obligations, including aircraft lease and debt financings, leases of airport property and other facilities, and other material cash obligations. In addition, the Company has substantial non-cancelable commitments for capital expenditures, including the acquisition of new aircraft and related spare engines.

Although the Company s cash flows from operations and its available capital, including the proceeds from financing transactions, have been sufficient to meet these obligations and commitments to date, the Company s future liquidity could be negatively impacted by the risk factors discussed in this Prospectus Supplement under the heading Risk Factors , including, but not limited to, substantial volatility in the price of fuel, adverse economic conditions, disruptions in the global capital markets and catastrophic external events.

If the Company s liquidity is constrained due to the various risk factors discussed in this Prospectus Supplement under the heading Risk Factors or otherwise, the Company s failure to comply with certain financial covenants under its financing and credit card processing agreements, timely pay its debts, or comply with other material provisions of its contractual obligations could result in a variety of adverse consequences, including the acceleration of the Company s indebtedness, increase of required reserves under credit card processing agreements, the withholding of credit card sale proceeds by its credit card service providers and the exercise of other remedies by its creditors and equipment lessors that could result in material adverse effects on the Company s financial position and results of operations. Furthermore, constrained liquidity may limit the Company s ability to withstand competitive pressures and limit its flexibility in responding to changing business and economic conditions, including increased competition and demand for new services, placing the Company at a disadvantage when compared to its competitors that have less debt, and making the Company more vulnerable than its competitors who have less debt to a downturn in the business, industry or the economy in general.

The Company s substantial level of indebtedness and non-investment grade credit rating, as well as market conditions and the availability of assets as collateral for loans or other indebtedness, may make it difficult to raise additional capital to meet its liquidity needs on acceptable terms, or at all.

See Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations, of the Company s Annual Report on Form 10-K for the year ended December 31, 2011 for further information regarding the Company s liquidity.

Certain of the Company s financing agreements have covenants that impose operating and financial restrictions on the Company and its subsidiaries.

Certain of the Company s credit facilities and indentures governing its secured notes impose certain operating and financial covenants on the Company, on United and its subsidiaries, or on Continental and its subsidiaries. Such covenants require the Company, United or Continental, as applicable, to maintain, depending on the particular agreement, minimum fixed charge coverage ratios, minimum liquidity and/or minimum collateral coverage ratios. A decline in the value of collateral could result in a situation where the Company, United or Continental, as applicable, may not be able to maintain the required collateral coverage ratio. In addition, the credit facilities and indentures contain other negative covenants customary for such financings.

The Company s ability to comply with these covenants may be affected by events beyond its control, including the overall industry revenue environment and the level of fuel costs, and the Company may be required to seek waivers or amendments of covenants, repay all or a portion of the debt or find alternative sources of financing. The Company cannot provide assurance that such waivers, amendments or alternative financing could be obtained or, if obtained, would be on terms acceptable to the Company. If the Company fails to comply with these covenants and is unable to obtain a waiver or amendment, an event of default would result which would allow the lenders, among other things, to declare outstanding amounts due and payable. The Company cannot provide assurance that it would have sufficient liquidity to repay or refinance such amounts if they were to become due. In addition, an event of default or declaration of acceleration under any of the credit facilities or indentures could also result in an event of default under certain of the Company s other financing agreements due to cross-default and cross-acceleration provisions.

Extensive government regulation could increase the Company s operating costs and restrict its ability to conduct its business.

Airlines are subject to extensive regulatory and legal oversight. Compliance with U.S. and international regulations imposes significant costs and may have adverse effects on the Company. Laws, regulations, taxes and airport rates and charges, both domestically and internationally, have been proposed from time to time that could significantly increase the cost of airline operations or reduce airline revenue. The Company cannot provide any assurance that current laws and regulations, or laws or regulations enacted in the future, will not adversely affect its financial condition or results of operations.

Each of United and Continental provides air transportation under certificates of public convenience and necessity issued by the DOT. If the DOT altered, amended, modified, suspended or revoked these certificates, it could have a material adverse effect on the Company s business. The DOT is also responsible for promulgating consumer protection and other regulations that may impose significant compliance costs on the Company. The Federal Aviation Administration (the FAA) regulates the safety of United s and Continental s operations. United and Continental operate pursuant to a single air carrier operating certificate issued by the FAA. From time to time, the FAA also issues orders, airworthiness directives and other regulations relating to the maintenance and operation of aircraft that require material expenditures or operational restrictions by the Company. These FAA orders and directives 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 the Company.

In addition, the Company s operations may be adversely impacted due to the existing antiquated air traffic control (ATC) system utilized by the U.S. government. During peak travel periods in certain markets, the current ATC system s inability to handle existing travel demand has led to short-term capacity constraints imposed by government agencies and resulted in delays and disruptions of air traffic. In addition, the current system will not be able to effectively handle projected future air traffic growth. Imposition of these ATC constraints on a long-term basis may have a material adverse effect on our results of operations. Failure to update the ATC system in a timely manner, and the substantial funding requirements of a modernized ATC system that may be imposed on air carriers may have an adverse impact on the Company s financial condition or results of operations.

The airline industry is subject to extensive federal, state and local taxes and fees that increase the cost of the Company s operations. In addition to taxes and fees that the Company is currently subject to, proposed taxes and fees are currently pending and if imposed, would increase the Company s operating expenses.

Access to landing and take-off rights, or slots, at several major U.S. airports and many foreign airports served by the Company are, or recently have been, subject to government regulation. Certain of the Company s major hubs are among increasingly congested airports in the United States and have been or could be the subject of regulatory action that might limit the number of flights and/or increase costs of operations at certain times or throughout the day. The FAA may limit the Company s airport access by limiting the number of departure and arrival slots at high density traffic airports, which could affect the Company s ownership and transfer rights, and local airport authorities may have the ability to control access to certain facilities or the cost of access to its facilities, which could have an adverse effect on the Company s business. In addition, in 2008, the FAA planned to withdraw and auction a certain number of slots held by airlines at the three primary New York area airports, which the airlines challenged and the FAA terminated in 2009. If the FAA were to plan another auction that survived legal challenge by the airlines, the Company could incur substantial costs to obtain such slots. Further, the Company s operating costs at airports at which it operates, including the Company s major hubs, may increase significantly because of capital improvements at such airports that the Company may be required to fund, directly or indirectly. In some circumstances, such costs could be imposed by the relevant airport authority without the Company s approval and may have a material adverse effect on the Company s financial condition.

The ability of carriers to operate flights on international routes between airports in the U.S. and other countries may be subject to change. Applicable arrangements between the United States and foreign governments may be amended from time to time, government policies with respect to airport operations may be revised, and the availability of appropriate slots or facilities may change. The Company currently operates a number of flights on international routes under government arrangements, regulations or policies that designate the number of carriers permitted to operate on such routes, the capacity of the carriers providing services on such routes, the airports at which carriers may operate international flights, or the number of carriers allowed access to particular airports. Any further limitations, additions or modifications to such arrangements, regulations or policies could have a material adverse effect on the Company s financial position and results of operations. Additionally, if an open skies policy were to be adopted for any of the Company s international routes, such an event could have a material adverse impact on the Company s financial position and results of operations and could result in the impairment of material amounts of related tangible and intangible assets. In addition, competition from revenue-sharing joint ventures and other alliance arrangements by and among other airlines could impair the value of the Company s business and assets on the open skies routes. The Company s plans to enter into or expand U.S. antitrust immunized alliances and joint ventures on various international routes are subject to receipt of approvals from applicable U.S. federal authorities and obtaining other applicable foreign government clearances or satisfying the necessary applicable regulatory requirements. There can be no assurance that such approvals and clearances will be granted or continued in effect upon further regulatory review or that changes in regulatory requirements or standards can be satisfied.

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Many aspects of the Company s operations are also subject to increasingly stringent federal, state, local and international laws protecting the environment. Future environmental regulatory developments, such as climate change regulations in the United States and abroad could adversely affect operations and increase operating costs in the airline industry. There are certain climate change laws and regulations that have already gone into effect and that apply to the Company, including the European Union Emissions Trading Scheme (which is subject to international dispute), the State of California s cap and trade regulations, environmental taxes for certain international flights, limited greenhouse gas reporting requirements and land-use planning laws which could apply to airports and could affect airlines in certain circumstances. In addition, there is the potential for additional regulatory actions in regard to the emission of greenhouse gases by the aviation industry. The precise nature of future requirements and their applicability to the Company are difficult to predict, but the financial impact to the Company and the aviation industry would likely be adverse and could be significant.

See Item 1, Business Industry Regulation, of the Company s Annual Report on Form 10-K for the year ended December 31, 2011 for further information on government regulation impacting the Company.

The Company relies heavily on technology and automated systems to operate its business and any significant failure or disruption of the technology or these systems could materially harm its business.

The Company depends on automated systems and technology to operate its business, including computerized airline reservation systems, flight operations systems, telecommunication systems and commercial websites, including www.united.com. United s website and other automated systems must be able to accommodate a high volume of traffic and deliver important flight and schedule information, as well as process critical financial transactions. These systems could suffer substantial or repeated disruptions due to events beyond the Company s control, including natural disasters, power failures, terrorist attacks, equipment or software failures, computer viruses or cyber security attacks. Substantial or repeated website, reservations systems or telecommunication systems failures or disruptions, including failures or disruptions related to the Company s integration of technology systems, could reduce the attractiveness of the Company s services versus those of its competitors, materially impair its ability to market its services and operate its flights, result in the unauthorized release of confidential or otherwise protected information, and result in increased costs, lost revenue and the loss or compromise of important data.

The Company s business relies extensively on third-party service providers. Failure of these parties to perform as expected, or interruptions in the Company s relationships with these providers or their provision of services to the Company, could have an adverse effect on the Company s financial position and results of operations.

The Company has engaged an increasing number of third-party service providers to perform a large number of functions that are integral to its business, including regional operations, operation of customer service call centers, distribution and sale of airline seat inventory, provision of information technology infrastructure and services, provision of aircraft maintenance and repairs, provision of various utilities and performance of aircraft fueling operations, among other vital functions and services. The Company does not directly control these third-party service providers, although it does enter into agreements with many of them that define expected service performance. Any of these third-party service providers, however, may materially fail to meet their service performance commitments to the Company or agreements with such providers may be terminated. For example, flight reservations booked by customers and travel agencies via third-party global distribution systems (GDS) may be adversely affected by disruptions in the business relationships between the Company and GDS operators. Such disruptions, including a failure to agree upon acceptable contract terms when contracts expire or otherwise become subject to renegotiation, may cause the carriers flight information to be limited or unavailable for display, significantly increase fees for both the Company and GDS users, and impair the Company s relationships with its customers and travel agencies. The failure of any of the Company s third-party service providers to adequately perform their service obligations, or other interruptions of services, may reduce the

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Company s revenues and increase its expenses or prevent the Company from operating its flights and providing other services to its customers. In addition, the Company s business and financial performance could be materially harmed if its customers believe that its services are unreliable or unsatisfactory.

UAL s obligations for funding Continental s defined benefit pension plans are affected by factors beyond UAL s control.

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

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 a delay in achieving expected Merger synergies, could adversely affect the Company s operations, and could result in increased costs that impair its financial performance.

United and Continental are both highly unionized companies. As of September 30, 2012, the Company and its subsidiaries had approximately 88,000 active employees, of whom approximately 80% were represented by various U.S. labor organizations.

The successful integration of United and Continental and achievement of the anticipated benefits of the combined company depend in part on integrating United and Continental employee groups and maintaining productive employee relations. In order to fully integrate the pre-Merger represented employee groups, the 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 Railway Labor Act (the RLA), the McCaskill-Bond Amendment, and where applicable, the existing provisions of each company s collective bargaining agreements and union policy. A delay in or failure to integrate the United and Continental employee groups presents the potential for delays in achieving expected Merger synergies, increased operating costs and labor disputes that could adversely affect our operations.

On November 13, 2012, the master executive councils of the Air Line Pilots Association, International, representing pilots at United and Continental, approved a tentative agreement for a new joint collective bargaining agreement with the Company. The tentative agreement is subject to ratification by both of the Company s pilot groups. We are currently in the process of negotiating joint collective bargaining agreements with our other represented employee groups, including our fleet and passenger service agents, reservations agents, flight attendants, technicians, dispatchers and storekeepers. Achieving joint collective bargaining agreements, including ratification of the pilot agreement, with our represented employee groups is likely to increase our labor costs, which increase could be material.

The Company can provide no assurance that a successful or timely resolution of labor negotiations for all amendable collective bargaining agreements will be achieved. 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. 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. 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, in an attempt to pressure the companies in collective bargaining negotiations. Although the RLA makes such actions unlawful until the parties have been lawfully released to self-help, and United and Continental can seek injunctive relief against premature self-help, such actions can cause significant harm even if ultimately enjoined.

The airline industry is highly competitive and susceptible to price discounting and changes in capacity, which could have a material adverse effect on the Company.

The U.S. airline industry is characterized by substantial price competition. In recent years, the 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 large network carriers to achieve sustained profitability in domestic markets.

Airlines also compete for market share by increasing or decreasing their capacity, including route systems and the number of markets served. Several of the Company s domestic competitors have increased their international capacity by including service to some destinations that the Company currently serves, causing overlap in destinations served and therefore increasing competition for those destinations. In addition, the Company and certain of its competitors have implemented significant capacity reductions in recent years in response to the global recession. Further, certain of the Company s competitors may not reduce capacity or may increase capacity, thereby diminishing the expected benefit to the Company from capacity reductions. This increased competition in both domestic and international markets may have a material adverse effect on the Company s results of operations, financial condition or liquidity.

The airline industry may undergo further bankruptcy restructuring, industry consolidation, or the creation or modification of alliances or joint ventures, any of which could have a material adverse effect on the Company.

The Company faces and may continue to face strong competition from other carriers due to bankruptcy restructuring, industry consolidation, and the creation and modification of alliances and joint ventures. A number of carriers have filed for bankruptcy protection in recent years and other domestic and international carriers could restructure in bankruptcy or threaten to do so in the future to reduce their costs. Most recently, AMR Corporation, the parent company of American Airlines, Inc., filed for Chapter 11 bankruptcy protection in November 2011. Carriers operating under bankruptcy protection can operate in a manner that could be adverse to the Company and could emerge from bankruptcy as more vigorous competitors.

Both the U.S. and international airline industries have experienced consolidation through a number of mergers and acquisitions. The Company is also facing stronger competition from expanded airline alliances and joint ventures. Carriers entering into and participating in airline alliances, slot swaps and/or joint ventures may also become strong competitors as they are able to coordinate routes, pool revenues and costs, and enjoy other mutual benefits, achieving many of the benefits of consolidation. Open skies agreements, including the agreements between the United States and the European Union and between the United States and Japan, may also give rise to additional consolidation or better integration opportunities among international carriers.

There is ongoing speculation that further airline industry consolidations or reorganizations could occur in the future. The Company routinely engages in analysis and discussions regarding its own strategic position, including alliances, asset acquisitions and divestitures and may have future discussions with other airlines regarding strategic activities. If other airlines participate in such activities, those airlines may significantly improve their cost structures or revenue generation capabilities, thereby potentially making them stronger competitors of the Company and potentially impairing the Company s ability to realize expected benefits from its own strategic relationships.

Increases in insurance costs or reductions in insurance coverage may materially and adversely impact the Company s results of operations and financial condition.

Following the terrorist attacks on September 11, 2001, the Company s insurance costs increased significantly and the availability of third-party war risk (terrorism) insurance decreased significantly. The Company has obtained third-party war risk (terrorism) insurance through a special program administered by the

FAA. Should the government discontinue this coverage, obtaining comparable coverage from commercial underwriters could result in substantially higher premiums and more restrictive terms, if such coverage is available at all. If the Company is unable to obtain adequate third-party war risk (terrorism) insurance, its business could be materially and adversely affected.

If any of the Company s aircraft were to be involved in an accident or if the Company s property or operations were to be affected by a significant natural catastrophe or other event, the Company could be exposed to significant liability or loss. If the Company is unable to obtain sufficient insurance (including aviation hull and liability insurance and property and business interruption coverage) to cover such liabilities or losses, whether due to insurance market conditions or otherwise, its results of operations and financial condition could be materially and adversely affected.

The Company could experience adverse publicity, harm to its brand, reduced travel demand and potential tort liability as a result of an accident or other catastrophe involving its aircraft, the aircraft of its regional carriers or the aircraft of its codeshare partners, which may result in a material adverse effect on the Company s results of operations or financial position.

An accident or catastrophe involving an aircraft that the Company operates, or an aircraft that is operated by a codeshare partner or one of the Company s regional carriers, could have a material adverse effect on the Company if such accident created a public perception that the Company s operations, or the operations of its codeshare partners or regional carriers, are less safe or reliable than other airlines. Such public perception could in turn cause harm to the Company s brand and reduce travel demand on the Company s flights, or the flights of its codeshare partners or regional carriers.

In addition, any such accident could expose the Company to significant tort liability. Although the Company currently maintains liability insurance in amounts and of the type the Company believes to be consistent with industry practice to cover damages arising from any such accident, and the Company s codeshare partners and regional carriers carry similar insurance and generally indemnify the Company for their operations, if the Company s liability exceeds the applicable policy limits or the ability of another carrier to indemnify it, the Company could incur substantial losses from an accident which may result in a material adverse effect on the Company s results of operations or financial position.

The Company s results of operations fluctuate due to seasonality and other factors associated with the airline industry.

Due to greater demand for air travel during the spring and summer months, revenues in the airline industry in the second and third quarters of the year are generally stronger than revenues in the first and fourth quarters of the year, which are periods of lower travel demand. The Company s results of operations generally reflect this seasonality, but have also been impacted by numerous other factors that are not necessarily seasonal including, among others, the imposition of excise and similar taxes, extreme or severe weather, air traffic control congestion, geological events, natural disasters, changes in the competitive environment due to industry consolidation and other factors and general economic conditions. As a result, the Company s quarterly operating results are not necessarily indicative of operating results for an entire year and historical operating results in a quarterly or annual period are not necessarily indicative of future operating results.

Terrorist attacks or international hostilities, or the fear of terrorist attacks or hostilities, even if not made directly on the airline industry, could negatively affect the Company and the airline industry.

The terrorist attacks on September 11, 2001 involving commercial aircraft severely and adversely impacted each of United s and Continental s financial condition and results of operations, as well as the prospects for the airline industry. Among the effects experienced from the September 11, 2001 terrorist attacks were substantial flight disruption costs caused by the FAA-imposed temporary grounding of the U.S. airline industry s fleet, significantly increased security costs and associated passenger inconvenience, increased insurance costs, substantially higher ticket refunds and significantly decreased traffic and passenger revenue.

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Additional terrorist attacks, even if not made directly on the airline industry, or the fear of or the precautions taken in anticipation of such attacks (including elevated national threat warnings or selective cancellation or redirection of flights) could materially and adversely affect the Company and the airline industry. Wars and other international hostilities could also have a material adverse impact on the Company s financial condition, liquidity and results of operations. The Company s financial resources may not be sufficient to absorb the adverse effects of any future terrorist attacks or other international hostilities.

An outbreak of a disease or similar public health threat could have a material adverse impact on the Company s business, financial position and results of operations.

An outbreak of a disease that affects travel demand or travel behavior, such as Severe Acute Respiratory Syndrome, avian flu or H1N1 virus, or other illness, or travel restrictions or reduction in the demand for air travel caused by similar public health threats in the future, could have a material adverse impact on the Company s business, financial condition and results of operations.

The Company may never realize the full value of its intangible assets or its long-lived assets causing it to record impairments that may negatively affect its financial position and results of operations.

In accordance with applicable accounting standards, the Company is required to test its indefinite-lived intangible assets for impairment on an annual basis on October 1 of each year, or more frequently if conditions indicate that an impairment may have occurred. In addition, the Company is required to test certain of its other assets for impairment if conditions indicate that an impairment may have occurred.

During the years ended December 31, 2010 and 2009, the Company performed impairment tests of certain intangible assets and certain long-lived assets (principally aircraft, related spare engines and spare parts). The interim impairment tests were due to events and changes in circumstances that indicated an impairment might have occurred. Certain of the factors deemed by management to have indicated that impairments may have occurred include a significant decrease in actual and forecasted revenues, record high fuel prices, significant losses, a weak U.S. economy, and changes in the planned use of assets. As a result of the impairment testing, the Company recorded significant impairment charges as described in Note 21 to its financial statements for the year ended December 31, 2011, included in its Annual Report on Form 10-K incorporated by reference in this Prospectus Supplement. The Company may be required to recognize additional impairments in the future due to, among other factors, extreme fuel price volatility, tight credit markets, a decline in the fair value of certain tangible or intangible assets, unfavorable trends in historical or forecasted results of operations and cash flows and an uncertain economic environment, as well as other uncertainties. The Company can provide no assurance that a material impairment charge of tangible or intangible assets will not occur in a future period. The value of our aircraft could be impacted in future periods by changes in supply and demand for these aircraft. Such changes in supply and demand for certain aircraft types could result from grounding of aircraft by the Company or other carriers. An impairment charge could have a material adverse effect on the Company s financial position and results of operations.

The Company s ability to use its net operating loss carryforwards to offset future taxable income for U.S. federal income tax purposes may be significantly limited due to various circumstances, including certain 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, 2011, UAL reported consolidated federal net operating loss (NOL) carryforwards of approximately $10.0 billion.

The Company s ability to use its NOL carryforwards may be limited if it experiences an ownership change as defined in Section 382 (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.

There is no assurance that the Company will not experience a future ownership change under Section 382 that may significantly limit or possibly eliminate its ability to use its NOL carryforwards. Potential future transactions involving the sale or issuance of UAL common stock, including the exercise of conversion options under the terms of the Company s convertible debt, repurchase of such debt with UAL common stock, issuance of UAL common stock for cash and the acquisition or disposition of such stock by a stockholder owning 5% or more of UAL common stock, or a combination of such transactions, may increase the possibility that the Company will experience a future ownership change under Section 382.

Under Section 382, a future ownership change would subject the Company to additional annual limitations that apply to the amount of pre-ownership change NOLs that may be used to offset post-ownership change taxable income. This limitation is generally determined by multiplying the value of a corporation s stock immediately before the ownership change by the applicable long-term tax-exempt rate. Any unused annual limitation may, subject to certain limits, be carried over to later years, and the limitation may under certain circumstances be increased by built-in gains in the assets held by such corporation at the time of the ownership change. This limitation could cause the 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 Company s NOL carryforwards to expire unused. Similar rules and limitations may apply for state income tax purposes. The 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 Company can generate sufficient taxable income to use them in full.

Risk Factors Relating to the Certificates and the Offering

The Series C Equipment Notes will not be obligations of UAL or United.

The Series C Equipment Notes to be held for the Class C Trust 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 Series C 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 Series C 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 Series C Equipment Notes.

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.

The appraised value of an Aircraft for purposes of this Offering is the lesser of the average and median base values of such Aircraft as set forth in such three appraisals. For Aircraft not delivered to Continental as of the date of an appraisal, the appraised base value is projected as of the scheduled delivery month of the applicable Aircraft. In some cases with respect to Aircraft delivered to Continental prior to the date of the applicable appraisal, the appraised base value was adjusted for the maintenance status of the applicable Aircraft. 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 .

There are particular uncertainties with respect to the appraised value of the Boeing 787-8 aircraft because it is a newly-developed model first delivered to a commercial airline in September 2011. As a result, the performance characteristics of the Boeing 787-8 aircraft have not been demonstrated by extensive commercial airline operations. In addition, secondary market values for the aircraft have not been established. Also, the appraisal and consulting firms that have prepared the appraisals of the Aircraft have less experience appraising Boeing 787-8 aircraft as compared to other aircraft models that have been in operation in greater number for a longer period of time.

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. 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 Class C Certificates.

Class C 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 the Class A Certificates, the Class B Trustee.
- Upon payment of final distributions to the holders of the Class B Certificates, the Class C 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 Class C Trustee is not the Controlling Party with respect to an Indenture, the Class C Certificateholders 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, the Class C 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 Agreement 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-

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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.