

CONTINENTAL AIRLINES INC /DE/

Form 424B3

May 25, 2006

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This preliminary prospectus supplement relates to an effective registration statement under the Securities Act of 1933, 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 May 24, 2006)

PROSPECTUS SUPPLEMENT

(To Prospectus dated April 10, 2006)

\$320,000,000

**2006-1 PASS THROUGH TRUSTS
PASS THROUGH CERTIFICATES, SERIES 2006-1**

Two classes of the Continental Airlines Pass Through Certificates, Series 2006-1, are being offered under this prospectus supplement: Class G and Class B. A separate trust will be established for each class of certificates. Each trust will use the proceeds from the sale of certificates to acquire an equipment note to be issued by Continental. Payments on the equipment note held in each trust will be passed through to the holders of certificates of such trust.

The equipment notes will be secured by a lien on certain aircraft spare parts owned by Continental. Interest on the equipment notes will be payable quarterly on each March 2, June 2, September 2 and December 2, beginning on September 2, 2006. The entire principal amount of the equipment notes will be due on June 2, 2013.

Continental may redeem the equipment notes at any time on or after the third anniversary of original issuance (or earlier under certain circumstances), in each case in whole or in part, subject to certain restrictions, at a redemption price equal to 100% of the principal amount of the relevant equipment note, plus accrued and unpaid interest, premium, if any, and LIBOR break amount, if any.

The Class G certificates will rank senior to the Class B certificates in right of distributions.

Morgan Stanley Bank will provide a primary liquidity facility for the Class G Certificates and Morgan Stanley Capital Services Inc. will provide an above-cap liquidity facility for the Class G certificates. The primary liquidity facility, together with the above-cap liquidity facility, is expected to provide an amount sufficient to make eight quarterly interest payments on the Class G certificates. The Class B certificates will not have the benefit of any liquidity facility.

Financial Guaranty Insurance Company will issue an insurance policy to support the payment of interest on the Class G certificates when due and the payment of principal no later than the final maturity date. The Class B certificates will not have the benefit of any insurance policy.

The Class B 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 certificates involves risks. See Risk Factors on page S-20.

<i>Pass Through Certificates</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Final Expected Distribution Date</i>	<i>Price to Investors (2)</i>
<i>Class G</i>	<i>\$ 190,000,000</i>	<i>USD 3-Month LIBOR + % (1)</i>	<i>June 2, 2013</i>	<i>100%</i>
<i>Class B</i>	<i>\$ 130,000,000</i>	<i>USD 3-Month LIBOR + %</i>	<i>June 2, 2013</i>	<i>100%</i>

(1) The interest rate for the Class G Certificates is subject to a maximum rate of % for any interest period commencing on any regular distribution date if a payment default by Continental occurs and is continuing on such regular distribution date.

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

The underwriter will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$320,000,000. Continental will pay the underwriter compensation totaling \$. Delivery of the Class G certificates in book-entry form only and the Class B certificates in physical certificate form only will be made on or about June , 2006.

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.

MORGAN STANLEY

May , 2006

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

Summary of Terms of Certificates*

	Class G	Class B
Principal Amount	\$190,000,000	\$130,000,000
Interest Rate	USD 3-Month LIBOR + %	USD 3-Month LIBOR + %
Ratings:		
Moody's	Aaa	B1
Standard & Poor's	AAA	B+
Loan to Collateral Value ⁽¹⁾	43.9%	73.9%
Maximum Loan to Collateral Value	45.0%	75.0%
Regular Distribution Dates	March 2, June 2, September 2 and December 2	March 2, June 2, September 2 and December 2
Final Expected Distribution Date	June 2, 2013	June 2, 2013
Final Maturity Date	June 2, 2015	Not applicable
Minimum Denomination	\$1,000	\$1,000
Section 1110 Protection ⁽²⁾	Yes	Yes
Liquidity Facility Coverage ⁽³⁾	8 quarterly interest payments	None
Policy Provider Coverage	Interest when due and principal no later than the Final Maturity Date	None

* The amount and the terms of Certificates offered are indicative only and subject to change.

- (1) These percentages have been determined by dividing the initial principal amount of the Series G Equipment Note plus, in the case of the percentage applicable to the Series B Equipment Note, the initial principal amount of the Series B Equipment Note by the appraised value of the Collateral determined as of December 25, 2005. Continental is required to provide to the Policy Provider, the Mortgagee and the Rating Agencies a semiannual appraisal of the Collateral. If any such subsequent appraisal indicates that the loan to Collateral value is greater than the applicable maximum loan to Collateral value, Continental is required to provide additional collateral or to reduce the principal amount of Equipment Notes so that the loan to Collateral value is not greater than such applicable maximum. An appraised value is only an estimate and reflects certain assumptions. See *Description of the Appraisal* .

- (2) Section 1110 of the U.S. Bankruptcy Code will be applicable to the spare parts of the types initially included in the Collateral, but will not be applicable to Cash Collateral (if any). In addition, in order to satisfy the semiannual loan to Collateral value requirement referred to in note (1) above, Continental may add other collateral that may not be entitled to the benefits of Section 1110, subject to certain limitations.
- (3) The amount available under the Primary Liquidity Facility for the payment of accrued interest on the Class G Certificates has been calculated utilizing the Capped Interest Rate of % per annum, which is the maximum interest rate applicable to the Series G Equipment Note only for interest periods commencing on any Regular Distribution Date if a payment default under the Indenture has occurred and is continuing on such Regular Distribution Date.

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The Equipment Notes will be secured by a lien on spare parts (including appliances) first placed in service after October 22, 1994 and owned by Continental that are

appropriate for installation on or use in one or more of the following aircraft models: Boeing model 737-700, 737-800, 737-900, 757-200, 757-300, 767-200, 767-400 or 777-200 aircraft, any engine utilized on any such aircraft or any other spare part included in the Collateral, and not appropriate for installation on or use in any other model of aircraft currently operated by Continental or engine utilized on any such other model of aircraft;

rotables appropriate for installation on or use in a Boeing model 737-300 or 737-500 aircraft (or both), any engine utilized on any such aircraft or any other spare part included in the Collateral; or

rotables appropriate for installation on or use in more than one of the models of aircraft referred to above or any engine utilized on any such aircraft.

The lien will not apply for as long as a spare part is installed on or being used in any aircraft, engine or other spare part so installed or being used. In addition, the lien will not apply to a spare part not located at one of the designated locations specified pursuant to the security agreement applicable to the spare parts.

The spare parts included in the Collateral fall into two categories, rotables and expendables. Rotables are parts that wear over time and can be repeatedly restored to a serviceable condition over a period approximating the life of the flight equipment to which they relate. Expendables consist of parts that can be restored to a serviceable condition but have a life less than the life of the related flight equipment and parts that generally are used once and thereby consumed or thereafter discarded. Spare engines are not included in the Collateral. Set forth below is certain information about the spare parts included in the Collateral as of December 25, 2005:

Aircraft Model	Spare Parts Quantity(1)			Appraised Value(2) (In millions)
	Expendables	Rotables	Total	
737-300/500		2,538	2,538	\$ 31.07
737-700/800/900	331,796	5,841	337,637	160.04
757-200	190,992	2,651	193,643	72.11
757-300	19,368	136	19,504	4.26
767-200	26,113	213	26,326	6.37
767-400	59,739	1,460	61,199	50.75
777-200	113,167	2,250	115,417	86.65
Interchangeable		3,529	3,529	21.60
Total	741,175	18,618	759,793	\$ 432.84

(1)

This quantity of spare parts used in preparing the appraised value was determined as of December 25, 2005. Because spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of Continental's business, the quantity of spare parts included in the Collateral and their appraised value will change over time. Continental is required to provide to the Policy Provider, the Mortgagee and the Rating Agencies a semiannual appraisal of the Collateral.

- (2) The appraised value reflects the opinion of Simat, Helliesen & Eichner, Inc., an independent aviation appraisal and consulting firm, of the fair market value of the spare parts. A report summarizing such appraisal is annexed to this Prospectus Supplement as Appendix II. The appraisal is subject to a number of assumptions and limitations and was prepared based on certain specified methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value.

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Cash Flow Structure

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

- (1) The Primary Liquidity Facility, together with the Above-Cap Liquidity Facility, is expected to cover eight consecutive quarterly interest payments with respect to the Class G Certificates. The Liquidity Facilities do not cover amounts payable in respect of the Class B Certificates.
- (2) The amount available under the Primary Liquidity Facility for the payment of accrued interest on the Class G Certificates has been calculated utilizing the Capped Interest Rate of % per annum, which is the maximum interest rate applicable to the Series G Equipment Note only for interest periods commencing on any Regular Distribution Date if a payment default under the Indenture has occurred and is continuing on such Regular Distribution Date.
- (3) The Policy covers regular interest distributions and outstanding principal on the Final Maturity Date (or earlier under some circumstances) relating to the Class G Certificates, but does not cover any other amounts payable in respect of the Class G Certificates. The Policy does not cover amounts payable in respect of the Class B Certificates.

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Record Dates	The fifteenth day preceding the related Distribution Date.
Distributions	<p>The Trustee will distribute all payments of principal, LIBOR break amount (if any), premium (if any) and interest received on the Equipment Notes held in each Trust to the holders of the Certificates of such Trust, subject to the subordination provisions applicable to the Certificates.</p> <p>Scheduled payments of interest made on the Equipment Notes will be distributed on the applicable Regular Distribution Dates, and the scheduled payment of principal of the Equipment Notes will be distributed on the Final Expected Distribution Date.</p>

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Payments of principal, LIBOR break amount (if any), premium (if any) and interest made on the Equipment Notes resulting from any redemption of such Equipment Notes will be distributed on a Special Distribution Date after not less than 15 days notice to Certificateholders.

Subordination

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

First, to the holders of the Class G Certificates.

Second, to the holders of the Class B Certificates.

However, so long as Continental is continuing to meet certain of its obligations, the subordination provisions applicable to the Certificates permit distributions to be made to the Class B Certificates prior to making distributions in full on the Class G Certificates, even if Continental is in bankruptcy or certain other specified events have occurred.

Control of Mortgagee

The holders of at least a majority of the outstanding principal amount of Equipment Notes will be entitled to direct the Mortgagee in taking action as long as no Indenture Default is continuing. Except under certain circumstances, for purposes of determining who is entitled to act for the holder of the Series G Equipment Note, the Policy Provider shall be deemed the holder of the Series G Equipment Note. If an Indenture Default is continuing, subject to certain conditions, the Controlling Party will direct the Mortgagee (including in exercising remedies, such as accelerating the Equipment Notes or foreclosing the lien on the collateral securing the Equipment Notes).

The Controlling Party will be:

Except as provided below, the Policy Provider.

If a Policy Provider Default is continuing or if the Policy has been surrendered for cancellation as described under Right to Buy Class G Certificates and the Policy Provider Amounts (other than certain specified amounts) have been paid in full, the Class G Trustee.

Upon payment of final distributions to the holders of Class G Certificates and, unless a Policy Provider Default is continuing, of the Policy Provider Amounts (other than certain specified amounts) to the Policy Provider, the Class B Trustee.

Under certain circumstances, the Primary Liquidity Provider.

In exercising remedies during the nine months after the earlier of (a) the acceleration of the Equipment Notes or (b) the bankruptcy of Continental, the Controlling Party may not direct the sale of the Pledged Spare Parts or the Equipment Notes for less than certain specified minimums.

Right to Buy Class G Certificates

If Continental is in bankruptcy or certain other specified events have occurred, the Class B Certificateholders and the Policy Provider have the right to buy the Class G Certificates on the following basis:

The Class B Certificateholders will have the right to purchase all of the Class G Certificates. Following any such purchase, the

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purchasing Class B Certificateholders will have the right to surrender the Policy for cancellation (thereby releasing the Policy Provider from its obligations under the Policy), to pay to the Policy Provider all outstanding Policy Provider Amounts (other than certain specified amounts) and to pay to the Primary Liquidity Provider all outstanding Liquidity Obligations, and upon such surrender and payments the Primary Liquidity Facility will be terminated. After any such surrender and payments, the Class G Certificates will no longer be entitled to the benefits of the Policy or the Primary Liquidity Facility.

Whether or not the Class B Certificateholders have purchased or elected to purchase the Class G Certificates, the Policy Provider will have the right to purchase all of the Class G Certificates if it is the Controlling Party and no Policy Provider Default is continuing and 120 days have elapsed since the occurrence of any of certain specified default or bankruptcy events involving Continental, and such event is continuing, unless the Policy has been surrendered as described in the preceding item or the Class G Certificateholders elect to surrender the Policy for cancellation and to pay to the Policy Provider all outstanding Policy Provider Amounts (other than certain specified amounts) and to pay to the Primary Liquidity Provider all outstanding Liquidity Obligations. The Class G Certificateholders electing to surrender the Policy and make such payments may do so only upon the purchase of all Class G Certificates (if any) of any Class G Certificateholders that do not elect to surrender the Policy and make such payments. After any such surrender and payments, the Class G Certificates will no longer be entitled to the benefits of the Policy or the Primary Liquidity Facility.

The purchase price in either case described above will be the outstanding balance of the Class G Certificates plus accrued and unpaid interest, without premium, but including any other amounts then due and payable in respect of the Class G Certificates.

Liquidity Facilities For the Class G Certificates

Under the Primary Liquidity Facility for the Class G Trust, the Primary Liquidity Provider will, if necessary, make advances in an aggregate amount, together with amounts payable by the Above-Cap Liquidity Provider under the Above-Cap Liquidity Facility, expected to provide an amount sufficient to pay interest on the Class G Certificates on up to eight successive quarterly Regular Distribution Dates at the applicable interest rate for the Class G Certificates. Drawings under the Primary Liquidity Facility and payments under the Above-Cap Liquidity Facility cannot be used to pay any other amount in respect of the Class G Certificates or any amount in respect of the Class B Certificates. Payments under the Liquidity Facilities are not subject to the subordination provisions applicable to the Certificates.

Upon each drawing under the Primary Liquidity Facility to pay interest on the Class G Certificates, the Subordination Agent will be obligated thereafter to reimburse the Primary Liquidity Provider for

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the amount of such drawing with any funds subsequently received from Continental, the sale of the Equipment Notes or the Collateral, or otherwise. Such reimbursement obligation and all interest, fees and other amounts owing to the Primary Liquidity Provider under the Primary Liquidity Facility and certain other agreements will rank senior to the Certificates in right of payment.

Policy Coverage for the Class G Certificates

Under the Policy for the Class G Trust, the Policy Provider will honor drawings to cover:

Any shortfall on any Regular Distribution Date in funds to be distributed as accrued and unpaid interest on the Class G Certificates.

Any shortfall on the Final Maturity Date in the Final Distributions (other than any unpaid premium or break amount) on the Class G Certificates.

Any shortfall in the proceeds from the disposition of the Series G Equipment Note or the remaining Collateral on the related Special Distribution Date from the amount required to pay in full the Pool Balance of the Class G Certificates plus accrued and unpaid interest thereon.

If certain payments with respect to the Class G Certificates are by court order determined to be a preferential transfer under the Bankruptcy Code or otherwise required to be returned, the amount of such payments.

If a payment default exists with respect to the Series G Equipment Note (without giving effect to any acceleration or any payments by any Liquidity Provider or the Policy Provider) for a period of eight consecutive interest periods (regardless of whether the Subordination Agent has received a Special Payment constituting proceeds from the sale of the Series G Equipment Note or any Collateral during such period) and continues to exist on the Regular Distribution Date on which such eighth interest period ends, and on the 25th day following such Regular Distribution Date (or if such 25th day is not a Business Day, the next Business Day), which shall be a Special Distribution Date for the Class G Trust, an amount equal to the then outstanding principal amount of such Equipment Notes (less the amount of any Policy Drawings previously paid by the Policy Provider in respect of principal) plus accrued and unpaid interest thereon.

The Policy Provider has the right at the end of the 24-month period referred to above, so long as no Policy Provider Default has occurred and is continuing, to elect instead (which election shall be deemed to have been given unless the Policy Provider affirmatively gives notice otherwise or a Policy Provider Default shall have occurred and be continuing):

To pay on such Special Distribution Date an amount equal to any shortfall in the scheduled interest that came due on the Series G Equipment Note (determined after the application of proceeds from the

sale of any Collateral in connection with the exercise of

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remedies under the Indenture) during the 24-month period (after giving effect to the application of funds received from the Policy Provider in connection with a disposition of the Series G Equipment Note or any Collateral and from the Primary Liquidity Facility, the Cash Collateral Account, the Above-Cap Account or, in certain cases, the Policy Provider), and

To permit, on each subsequent Regular Distribution Date, drawings under the Policy for an amount equal to the principal (taking into account any adjustments made on account of redemptions, but without regard to any acceleration thereof or any failure to consummate any optional redemption, and determined after the application of proceeds from the sale of any Collateral in connection with the exercise of remedies under the Indenture) and interest that were to become due on the Series G Equipment Note on the related payment date until paid in full, taking into account certain prior payments of interest by the Policy Provider.

After the Policy Provider has made (or been deemed to have made) such election, (1) on any Business Day other than a Regular Distribution Date elected by the Policy Provider upon 20 days' notice (which shall be set as a Special Distribution Date for the Class G Trust) or (2) if a Policy Provider Default occurs on any Business Day specified by the Subordination Agent upon 20 days' notice (which shall be set as a Special Distribution Date for the Class G Trust), the Subordination Agent will request a Policy Drawing for an amount equal to the then outstanding Pool Balance of the Class G Certificates plus accrued and unpaid interest thereon.

Any shortfall for which a drawing under a Policy may be made as described above (except in specified circumstances) will be calculated after the application of funds available through the subordination provisions applicable to the Certificates, drawings under the Primary Liquidity Facility, withdrawals from the Cash Collateral Account and withdrawals from the Above-Cap Account. The Policy will not cover the Class B Certificates.

The Policy Provider is required to honor drawings under the Policy by the Subordination Agent on behalf of the Primary Liquidity Provider for all outstanding drawings under the Primary Liquidity Facility, together with interest thereon, on or after the Business Day which is the earliest to occur of (1) the date on which an Interest Drawing shall have been made under the Primary Liquidity Facility and remains unreimbursed for 24 months, (2) the date on which any Downgrade Drawing, Non-Extension Drawing or Final Drawing that was deposited into the Cash Collateral Account shall have been applied to pay any scheduled payment of interest on the Certificates and remains unreplenished to the Cash Collateral Account or unreimbursed to the Primary Liquidity Provider, as the case may be, for 24 months and (3) the date on which all of the Equipment Notes have been accelerated and remain unpaid for 24 months, in each case disregarding any reimbursements from payments by the Policy Provider and from any

Special Payment constituting proceeds from

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the sale of the Equipment Notes or any Collateral during such 24-month period.

Equipment Notes

- (a) Issuer Continental. The Equipment Notes will be full recourse obligations of Continental.
- (b) Interest The Equipment Note held in each Trust will accrue interest at the rate per annum for the Certificates issued by such Trust set forth on the cover page of this Prospectus Supplement. The interest rate on the Series G Equipment Note will be subject to a maximum equal to the Capped Interest Rate only for interest periods commencing on any interest payment date if a payment default under the Indenture has occurred and is continuing on such interest payment date. Interest will be payable on March 2, June 2, September 2 and December 2 of each year, commencing on September 2, 2006. Interest on the Equipment Notes is calculated on the basis of the actual number of days elapsed over a 360-day year. LIBOR is determined from time to time by the Reference Agent as described in Description of the Equipment Notes Determination of LIBOR .
- (c) Principal The entire principal amount of the Series G and Series B Equipment Notes is scheduled for payment on June 2, 2013.
- (d) Optional Redemption Continental may elect to redeem all or (so long as no Payment Default has occurred and is continuing) a portion of the Equipment Notes of any series at any time prior to maturity, except that no Equipment Notes may be redeemed by Continental prior to the third anniversary of the Issuance Date (other than in connection with a redemption to satisfy the maximum Collateral Ratio requirements or minimum Rotable Ratio requirement, or to the extent required as a result of certain reductions in Continental's aircraft fleet). The redemption price in such case will be the principal amount of the Equipment Notes to be redeemed, together with accrued and unpaid interest and LIBOR break amount, if any.
- In addition, in the case of an optional redemption of the Series B Equipment Notes on or after the third anniversary and prior to the fifth anniversary of the Issuance Date (except in connection with a redemption to satisfy the maximum Collateral Ratio requirements or the minimum Rotable Ratio requirement, or to the extent required as a result of certain reductions in Continental's aircraft fleet), the redemption price will include a Premium equal to the following percentage of the principal amount redeemed:

**If redeemed during the year
prior to the anniversary of
the Issuance Date indicated
below**

Series B Premium

4th	%
5th	%

In the case of an optional redemption of Equipment Notes prior to the fifth anniversary of the Issuance Date required as a result of certain reductions in Continental's aircraft fleet, the redemption price will

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include a Premium equal to the following percentage of the principal amount redeemed:

If redeemed during the year prior to the anniversary of the Issuance Date indicated below	Series G Premium	Series B Premium
	%	%

Notwithstanding the foregoing, so long as the Series G Equipment Note and the obligations to the Policy Provider have not been paid in full, unless the Controlling Party shall otherwise agree, no optional redemption of the Series B Equipment Note may be made unless:

the maximum Senior Collateral Ratio requirement is then satisfied (after giving effect to any concurrent redemption of the Series G Equipment Note); or

the Series G Equipment Note is simultaneously redeemed in full.

If Continental gives notice of redemption, it may revoke such redemption by notice to the Mortgagee at least three Business Days prior to the scheduled redemption date.

(e) Security

The Equipment Notes will be secured by a security interest in certain spare parts, as described above in this Prospectus Supplement Summary under Collateral .

(f) Maintenance of Collateral Ratios

Continental is required to provide to the Policy Provider, the Mortgagee and the Rating Agencies a semiannual appraisal of the Collateral. If any such appraisal indicates that:

the ratio of the outstanding principal amount of the Series G Equipment Note to the Collateral value is greater than 45.0%;

the ratio of the sum of the outstanding principal amount of the Series G Equipment Note and of the Series B Equipment Note to the Collateral value is greater than 75.0%; or

the ratio of the value of Rotables included in the Collateral to the outstanding principal amount of the Series G Equipment Note is less than 150.0%;

then Continental is required to provide additional collateral or to redeem some or all of the Equipment Notes so that such ratios comply with the

applicable maximum Collateral value percentages and the minimum Rotable value percentage.

(g) Section 1110 Protection

Continental's outside counsel will provide its opinion to the Trustees that the benefits of Section 1110 of the U.S. Bankruptcy Code will be available with respect to the Equipment Notes. In order to satisfy the semiannual loan to Collateral value requirement applicable to the Equipment Notes, Continental may add cash or other collateral that may not be entitled to the benefits of Section 1110, subject to certain limits.

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

Certain ERISA Considerations Each person who acquires a Certificate will be deemed to have represented that either: (a) no employee benefit plan assets have been used to purchase such Certificate or (b) the purchase and holding of such Certificate are exempt from the prohibited transaction restrictions of the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 pursuant to one or more prohibited transaction statutory or administrative exemptions. See Certain ERISA Considerations .

Transfer Restrictions for Class B Certificates The Class B Certificates 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.

Rating of the Certificates It is a condition to the issuance of the Certificates that they be rated by Moody's and Standard & Poor's not less than the ratings set forth below:

Certificates	Moody's	Standard & Poor's
Class G	Aaa	AAA
Class B	B1	B+

A rating is not a recommendation to purchase, hold or sell Certificates, because such rating does not address market price or suitability for a particular investor. There can be no assurance that such ratings will not be lowered or withdrawn by a Rating Agency after the Certificates have been issued.

	Moody's	Standard & Poor's
Threshold Rating for the Liquidity Providers - Short Term	P-1	A-1

Primary Liquidity Provider Rating The Primary Liquidity Provider meets the Threshold Rating requirement.

Above-Cap Liquidity Provider Rating Morgan Stanley, the parent company of Morgan Stanley Capital Services, meets the Threshold Rating requirement and will guarantee Morgan Stanley Capital Services' obligations under the Above-Cap Liquidity Facility.

Standard &

		Moody's	Poor's
Policy Provider Rating	Financial Strength	Aaa	AAA

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The following tables summarize certain consolidated financial data and certain operating data with respect to Continental. The following selected consolidated financial data for the years ended December 31, 2005, 2004 and 2003 are derived from the audited consolidated financial statements of Continental including the notes thereto incorporated by reference in this Prospectus Supplement and should be read in conjunction with those financial statements. The following selected consolidated financial data for the years ended December 31, 2002 and 2001 are derived from the selected financial data contained in Continental's Annual Report on Form 10-K for the year ended December 31, 2005, incorporated by reference in this Prospectus Supplement, and the audited consolidated financial statements of Continental for the years ended December 31, 2002 and 2001 and should be read in conjunction therewith. The consolidated financial data of Continental for the three months ended March 31, 2006 and 2005 are derived from the unaudited consolidated financial statements of Continental incorporated by reference in this Prospectus Supplement, which include all adjustments (consisting solely of normal recurring accruals, except for nonrecurring adjustments that are separately disclosed in the notes to the unaudited consolidated financial statements) that Continental considers necessary for the fair presentation of the financial position and results of operations for these periods. Operating results for the three months ended March 31, 2006 are not necessarily indicative of the results that may be expected for year ending December 31, 2006.

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
(In millions of dollars, except operating data, per share data and ratios)							
Financial Data Operations:(1)(2)							
Operating Revenue	\$ 2,947	\$ 2,505	\$ 11,208	\$ 9,899	\$ 9,001	\$ 8,511	\$ 9,049
Operating Expenses	2,936	2,678	11,247	10,137	8,813	8,841	8,921
Operating Income (Loss)	11	(173)	(39)	(238)	188	(330)	128
Non-operating Income (Expense), net	(51)	(13)	(29)	(211)	(2)	(319)	(274)
Income (Loss) before Income Taxes, Minority Interest, and Cumulative Effect of Change in Accounting Principle	(40)	(186)	(68)	(449)	186	(649)	(146)
Income (Loss) before Cumulative Effect of Change in Accounting Principle	(40)	(186)	(68)	(409)	(28)	(462)	(105)
Net Income (Loss)	\$ (66)	\$ (186)	\$ (68)	\$ (409)	\$ 28	\$ (462)	\$ (105)
Earnings (Loss) per Share:							
Basic	\$ (0.46)	\$ (2.79)	\$ (0.96)	\$ (6.19)	\$ 0.43	\$ (7.19)	\$ (1.89)
Diluted	\$ (0.76)	\$ (2.79)	\$ (0.97)	\$ (6.25)	\$ 0.41	\$ (7.19)	\$ (1.89)

Shares used for Computation:

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Basic	86.7	66.5	70.3	66.1	65.4	64.2	55.5
Diluted	86.7	66.5	70.3	66.1	65.6	64.2	55.5
Ratio of Earnings to Fixed Charges(3)					1.14x		

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	Three Months Ended March 31,			Year Ended December 31,			
	2006	2005	2005	2004	2003	2002	2001
	(In millions of dollars, except operating data, per share data and ratios)						
Statistical Information:							
<u>Mainline Operations:</u>							
Passengers (thousands)(4)	11,486	10,598	44,939	42,743	40,613	41,777	45,064
Revenue passenger miles (millions)(5)	18,018	16,159	71,261	65,734	59,165	59,349	61,140
Available seat miles (millions)(6)	20,035	20,845	89,647	84,672	78,385	80,122	84,485
Cargo ton miles (millions)	263	260	1,018	1,026	917	908	917
Passenger load factor(7)	78.2%	77.5%	79.5%	77.6%	75.5%	74.1%	72.4%
Passenger revenue per available seat mile (cents)	9.43	8.98	9.32	8.82	8.79	8.67	9.03
Total revenue per available seat mile (cents)	10.63	10.18	10.46	9.83	9.81	9.41	9.68
Average yield per revenue passenger mile (cents)(8)	12.06	11.59	11.73	11.37	11.64	11.71	12.48
Average segment fare per revenue passenger	\$ 191.29	\$ 179.51	\$ 188.67	\$ 177.90	\$ 172.83	\$ 169.37	\$ 172.50
Operating cost per available seat mile including special charges (cents)(9)	10.35	10.57	10.22	9.84	9.53	9.63	9.34
Average price per gallon of fuel, including fuel taxes (cents)	190.43	145.30	177.55	119.01	91.40	74.01	82.48
Fuel gallons consumed (millions)	347	324	1,376	1,333	1,257	1,296	1,426
Actual aircraft in fleet at end of period(10)	360	348	356	349	355	366	352
Average length of aircraft flight (miles)	1,400	1,350	1,388	1,325	1,270	1,225	1,185
Average daily utilization of each aircraft (hours)(11)	10:42	10:09	10:31	9:55	9:19	9:29	10:19
<u>Regional Operations(12):</u>							
Passengers (thousands)(4)	4,108	3,524	16,076	13,739	11,445	9,264	8,354
Revenue passenger miles (millions)(5)	2,318	1,953	8,938	7,417	5,769	3,952	3,388
Available seat miles (millions)(6)	3,082	2,740	11,973	10,410	8,425	6,219	5,437
Passenger load factor(7)	75.2%	71.3%	74.7%	71.3%	68.5%	63.5%	62.3%
Passenger revenue per available seat mile (cents)	16.54	14.37	15.67	15.09	15.31	15.45	15.93
	270	250	266	245	224	188	170

Actual aircraft in fleet at
end of period(10)

Consolidated Operations

(Mainline and Regional):

Passengers (thousands)(4)	15,594	14,122	61,015	56,482	52,058	51,041	53,418
Revenue passenger miles (millions)(5)	20,336	18,112	80,199	73,151	64,934	63,301	64,528
Available seat miles (millions)(6)	26,117	23,585	101,620	95,082	86,810	86,341	89,922
Passenger load factor(7)	77.9%	76.8%	78.9%	76.9%	74.8%	73.3%	71.8%
Passenger revenue per available seat mile (cents)	10.27	9.61	10.07	9.51	9.42	9.16	9.45
Average yield per revenue passenger mile (cents)(8)	13.19	12.51	12.76	12.36	12.60	12.49	13.17

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	As of March 31, 2006	As of December 31, 2005
	(In millions of dollars)	
Financial Data Balance Sheet:		
Assets:		
Cash, Cash Equivalents, including Restricted Cash, and Short-Term Investments	\$ 2,257	\$ 2,198
Other Current Assets	1,476	1,229
Total Property and Equipment, net	6,168	6,086
Routes and Airport Operating Rights, net	614	617
Other Assets	410	399
Total Assets	\$ 10,925	\$ 10,529
Liabilities and Stockholders Equity (Deficit):		
Current Liabilities	\$ 4,162	\$ 3,399
Long-Term Debt and Capital Leases	4,671	5,057
Deferred Credits and Other Long-Term Liabilities	1,872	1,847
Stockholders Equity (Deficit)	220	226
Total Liabilities and Stockholders Equity	\$ 10,925	\$ 10,529

(1) Consolidated amounts include ExpressJet's operating results for the years ended December 31, 2001 and December 31, 2002. In 2003, ExpressJet is consolidated through November 12, 2003 and reported using the equity method of accounting thereafter.

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

	Three Months Ended March 31,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
Operating revenue:							
Change in expected redemption of frequent flyer mileage credits sold	\$	\$	\$	\$	\$ 24	\$	\$
Operating (expense) income:							
Fleet retirement and impairment	7		16	(87)	(86)	(242)	(61)
Air Transportation Safety and System Stabilization Act grant						(12)	417
Security fee reimbursement					176		

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Pension curtailment/settlement charges	(15)	(43)	(83)		
Severance and other special charges				(14)	(63)
Surrender of restricted stock units	14				
Termination of 1993 service agreement with United Micronesia Development Association				(34)	
Frequent flyer reward redemption cost adjustment				(18)	
Nonoperating (expense) income:					
Gains on investments		51	204	305	
Impairment of investments					(22)
Cumulative Effect of Change in Accounting Principle	(26)				

(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 expenses, the portion of rental expense representative of interest expense, the amount amortized for debt discount, premium and issuance expense and interest previously capitalized. For the three months ended March 31, 2006 and 2005, and the

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years ended December 31, 2005, 2004, 2002 and 2001, earnings were inadequate to cover fixed charges and the coverage deficiency was \$44 million, \$192 million, \$102 million, \$490 million, \$658 million and \$161 million, respectively.

- (4) Revenue passengers measured by each flight segment flown.
- (5) The number of scheduled miles flown by revenue passengers.
- (6) The number of seats available for passengers multiplied by the number of scheduled miles those seats are flown.
- (7) Revenue passenger miles divided by available seat miles.
- (8) The average revenue received for each passenger mile flown.
- (9) Includes operating expense special items noted in (2). These special items increased (decreased) operating cost per available seat mile by (0.03), 0.20, 0.07, 0.16, (0.11), 0.25 and (0.36) cents in each of the periods, respectively.
- (10) Excludes aircraft that were removed from service.
- (11) The average number of hours per day that an aircraft flown in revenue service is operated (from gate departure to gate arrival).
- (12) These statistics reflect operations of Continental Express (as operated by ExpressJet). Pursuant to a capacity purchase agreement, Continental currently purchases all of ExpressJet's available seat miles for a negotiated price.

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RISK FACTORS

Risk Factors Relating to the Company

Continental Continues to Experience Significant Losses

Since September 11, 2001, Continental has incurred significant losses. Continental reported a net loss of \$68 million in 2005 and a net loss of \$66 million the first quarter of 2006. Losses of the magnitude incurred by Continental since September 11, 2001 are not sustainable if they continue. These losses are primarily attributable to decreased yields on passenger revenue since September 11, 2001 and record high fuel prices. Although the current U.S. domestic network carrier environment is improving as several of Continental's network competitors reduce domestic capacity and as carriers have increased fares in response to record-high fuel prices, those fare increases have not fully offset the substantially higher fuel prices, which continue to pressure all carriers. Further increases in jet fuel prices or disruptions in fuel supplies, whether as a result of natural disasters or otherwise, could have a material adverse effect on Continental's results of operations, financial condition or liquidity. Among the many factors that threaten Continental are the continued rapid growth of low-cost carriers and resulting pressure on domestic fares, high fuel costs, excessive taxation and significant pension liabilities.

Record High Fuel Prices Are Materially and Adversely Affecting Continental's Operating Results

Fuel costs, which are currently at historically high levels, constitute a significant portion of Continental's operating expenses. Mainline fuel costs represented approximately 26.7% and 27.7% of Continental's mainline operating expenses for the year ended December 31, 2005 and the first quarter of 2006, respectively. Continental expects that fuel expense will be its single largest operating expense item in 2006. Based on gallons expected to be consumed in 2006, for every one dollar increase in the price of a barrel of crude oil, Continental's annual fuel expense would increase by approximately \$43 million. Continental's fuel expense could further increase if the refining margin (the component of the price of jet fuel attributable to the refining of crude oil into jet fuel) increases above current levels.

Continental is also at risk for all of ExpressJet's fuel costs, as well as a margin on ExpressJet's fuel costs up to a negotiated cap of 71.2 cents per gallon, under Continental's capacity purchase agreement and a related fuel purchase agreement with ExpressJet.

Fuel prices and supplies are influenced significantly by international political and economic circumstances, such as increasing demand by developing nations, unrest in Iraq and current diplomatic tension between the U.S. and Iran concerning Iran's nuclear energy development, as well as OPEC production curtailments, a disruption of oil imports, other conflicts or instability in the Middle East or other oil producing regions, environmental concerns, weather and other unpredictable events. Further, Hurricane Katrina and Hurricane Rita caused widespread disruptions in 2005 to oil production, refinery operations and pipeline capacity in portions of the U.S. Gulf Coast. As a result of these disruptions, the price of jet fuel increased significantly and the availability of jet fuel supplies was diminished. A significant portion of the increase in the price of jet fuel immediately following Hurricane Katrina and Hurricane Rita was attributable to an increase in the refining margin.

From time to time Continental enters into petroleum swap contracts, petroleum call option contracts and/or jet fuel purchase commitments to provide some short-term hedge protection (generally three to six months) against sudden and significant increases in jet fuel prices. As of March 31, 2006, Continental had hedged approximately 17% of its projected fuel requirements for the second quarter of 2006. Further increases in jet fuel prices or disruptions in fuel supplies, whether as a result of natural disasters or otherwise, could have a material adverse effect on our results of

operations, financial condition or liquidity.

Continental's High Leverage May Affect its Ability to Satisfy its Significant Financing Needs or Meet its Obligations

As is the case with its principal competitors, Continental has a high proportion of debt compared to its equity capital.

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As of March 31, 2006 Continental had approximately:

\$5.4 billion (including current maturities) of long-term debt and capital lease obligations.

\$220 million of stockholders' equity.

\$2.3 billion in consolidated cash, cash equivalents and short-term investments (of which \$245 million is restricted cash).

Continental's combined long-term debt and capital lease obligations coming due in the remainder of 2006 total approximately \$458 million, and Continental has significant amounts coming due in 2007 and thereafter. Continental also has significant operating lease and facility rental costs. For the year ended December 31, 2005, annual aircraft and facility rental expense under operating leases was \$1.4 billion.

In addition, Continental has substantial commitments for capital expenditures, including for the acquisition of new aircraft and related spare engines. As of March 31, 2006, Continental had firm commitments for 54 new aircraft from The Boeing Company (Boeing), with an estimated cost of \$2.6 billion, and options to purchase 30 additional Boeing aircraft. Continental is scheduled to take delivery of six new 737-800 aircraft in 2006, with delivery of the remaining 48 new Boeing aircraft occurring from 2007 through 2011.

Continental has backstop financing for the six 737-800 aircraft to be delivered in the remainder of 2006 and two 777-200ER aircraft to be delivered in 2007. By virtue of these agreements, Continental has financing available for all Boeing aircraft scheduled to be delivered through 2007. However, Continental does not have backstop financing or any other financing currently in place for the remainder of the aircraft. Further financing will be needed to satisfy Continental's capital commitments for its firm aircraft and other related capital expenditures. Continental can provide no assurance that sufficient financing will be available for the aircraft on order or other related capital expenditures, or for its capital expenditures in general.

At March 31, 2006, Continental's senior unsecured debt ratings were Caa2 by Moody's and CCC+ by Standard & Poor's. Reductions in Continental's credit ratings may increase the cost and reduce the availability of financing to Continental in the future. Continental does not have any debt obligations that would be accelerated as a result of a credit rating downgrade. However, Continental would have to post additional collateral of approximately \$70 million under its bank-issued credit card processing agreement if its senior unsecured debt rating falls below Caa3 as rated by Moody's or CCC- as rated by Standard & Poor's. Continental would also be required to post additional collateral of up to \$27 million under its workers' compensation program if Continental's senior unsecured debt rating falls below Caa2 as rated by Moody's or CCC+ as rated by Standard & Poor's.

Continental's bank-issued credit card processing agreement also contains financial covenants which require, among other things, that Continental maintain a minimum EBITDAR (generally, earnings before interest, taxes, depreciation, amortization, aircraft rentals and income from affiliates, adjusted for certain special items) to fixed charges (interest and aircraft rentals) ratio of 0.9 to 1.0 through June 30, 2006 and 1.1 to 1.0 thereafter. The liquidity covenant requires Continental to maintain a minimum level of \$1.0 billion of unrestricted cash and short-term investments and a minimum ratio of unrestricted cash and short-term investments to current liabilities at each month end of 0.27 to 1.0 through June 30, 2006 and 0.29 to 1.0 thereafter. Although Continental is currently in compliance with all of the covenants, failure to maintain compliance would result in Continental's being required to post up to an additional \$415 million of cash collateral, which would adversely affect its liquidity. Depending on Continental's unrestricted cash and short-term investments balance at the time, the posting of a significant amount of cash collateral could cause Continental's unrestricted cash and short-term investments balance to fall below the \$1.0 billion minimum balance requirement under its \$350 million secured loan facility, resulting in a default under such facility.

Continental has noncontributory defined benefit pension plans in which substantially all of its U.S. employees participate, other than employees of its subsidiaries Chelsea Food Services and CMI employees. Continental contributed \$6 million to its defined benefit pension plans during the first quarter of 2006 and an additional \$91 million on April 11, 2006. Including these contributions, based on current assumptions and applicable law, Continental will be required to contribute in excess of \$1.5 billion to its defined benefit pension plans over the next ten years, including a total of \$258 million in 2006, to meet its minimum funding obligations.

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Continental's Labor Costs May Not be Competitive and Could Threaten Its Future Liquidity

Labor costs constitute a significant percentage of Continental's total operating costs. Labor costs (including employee incentives) constituted 23.6% and 22.9% of Continental's total operating expenses for the year ended December 31, 2005 and the first quarter of 2006, respectively. All of the major hub-and-spoke carriers with whom Continental competes have achieved significant labor cost reductions, whether in or out of bankruptcy. Even given the effect of pay and benefit cost reductions Continental implemented beginning in April 2005, Continental believes that its wages, salaries and benefits cost per available seat mile, measured on a stage length adjusted basis (labor CASM), will continue to be higher than that of many of its competitors. Although Continental enjoys generally good relations with its employees, Continental can provide no assurance that it will not experience labor disruptions in the future. Any disruptions which result in a prolonged significant reduction in flights would have a material adverse impact on Continental's results of operations or financial condition.

A Significant Failure or Disruption of the Computer Systems on Which Continental Relies Could Adversely Affect Its Business

Continental depends heavily on computer systems and technology to operate its business, such as flight operations systems, communications systems, airport systems and reservations systems (including continental.com and third party global distribution systems). These systems could suffer substantial or repeated disruptions due to events beyond Continental's control, including natural disasters, power failures, terrorist attacks, equipment or software failures and computer viruses and hackers. Any such disruptions could materially impair Continental's flight and airport operations and its ability to market its services, and could result in increased costs, lost revenue and the loss or compromise of important data. Although Continental has taken measures in an effort to reduce the adverse effects of certain potential failures or disruptions, if these steps are not adequate to prevent or remedy the risks, Continental's business may be materially adversely affected.

Risk Factors Relating to the Airline Industry

Additional Terrorist Attacks or International Hostilities May Further Adversely Affect Continental's Financial Condition, Results of Operations and Liquidity

As described in greater detail in Continental's filings with the Securities and Exchange Commission (the Commission), the terrorist attacks of September 11, 2001 involving commercial aircraft severely and adversely affected Continental's financial condition, results of operations and liquidity, and the airline industry generally. Additional terrorist attacks, even if not made directly on the airline industry, or the fear of such attacks (including elevated national threat warnings or selective cancellation or redirection of flights due to terror threats), could negatively affect Continental and the airline industry. The potential negative effects include increased security, insurance and other costs for Continental, higher ticket refunds and decreased ticket sales. The war in Iraq further decreased demand for air travel during the first half of 2003, especially in transatlantic markets, and additional international hostilities could potentially have a material adverse impact on Continental's financial condition, results of operations or liquidity. Continental's financial resources might not be sufficient to absorb the adverse effects of any further terrorist attacks or other international hostilities involving the United States.

The Airline Industry is Highly Competitive and Susceptible to Price Discounting and Fluctuations in Passenger Demand

The U.S. airline industry is increasingly characterized by substantial price competition, especially in domestic markets. Carriers use discount fares to stimulate traffic during periods of slack demand, to generate cash flow and to increase market share. Some of Continental's competitors have substantially greater financial resources, including

hedges against fuel price increases, or lower cost structures than Continental has, or both. In recent years, the domestic market share held by low cost carriers has increased significantly and is expected to continue to increase, which is dramatically changing the airline industry. The increased market presence of low cost carriers has increased competition and impacted the ability of the network carriers to maintain sufficient pricing structures in domestic markets, which negatively affects profitability. This has contributed to the dramatic losses for Continental and the airline industry generally. For example, a low-cost carrier began to directly compete with Continental on

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flights between Liberty International and destinations in Florida in 2005. Continental is responding vigorously to this challenge, but has experienced decreased yields on affected flights. Continental cannot predict whether or for how long these trends will continue.

In addition to price competition, airlines also compete for market share by increasing the size of their route system and the number of markets they serve. Several of Continental's domestic competitors have announced aggressive plans to expand into international markets, including some destinations that Continental currently serves. The increased competition in these international markets, particularly to the extent Continental's competitors engage in price discounting, may have a material adverse effect on Continental's results of operations, financial condition or liquidity.

Airline profit levels are highly sensitive to changes in fuel costs, fare levels and passenger demand. Passenger demand is influenced by, among other things, the state of the global economy and domestic and international events such as terrorism, hostilities involving the United States or concerns about exposure to contagious diseases (such as SARS or avian flu). The September 11, 2001 terrorist attacks, the weak economy prior to 2004, turbulent international events (including the war in Iraq and the SARS outbreak), high fuel prices and extensive price discounting by carriers have resulted in dramatic losses for Continental and the airline industry generally. To the extent that future events of this nature negatively impact passenger travel behavior or fare levels, such events may have a material adverse effect on Continental's results of operations, financial condition or liquidity.

Delta Air Lines, Inc. (Delta), Northwest Airlines, Inc. (Northwest Airlines) and several small competitors have filed for bankruptcy protection, and other carriers could file for bankruptcy or threaten to do so to reduce their costs. US Airways Group, Inc. and, more recently, United Air Lines, Inc., have emerged from bankruptcy. Carriers operating under bankruptcy protection may be in a position to operate in a manner adverse to Continental, and could emerge from bankruptcy as more vigorous competitors with substantially lower costs than Continental's.

Since its deregulation in 1978, the U.S. airline industry has undergone substantial consolidation, and may experience additional consolidation in the future. Continental routinely monitors changes in the competitive landscape and engages in analysis and discussions regarding its strategic position, including alliances, asset acquisitions and business combination transactions. Continental has had, and expects to continue to have, discussions with third parties regarding strategic alternatives. The impact of any consolidation within the U.S. airline industry cannot be predicted at this time.

Additional Security Requirements May Increase Continental's Costs and Decrease Its Traffic

Since September 11, 2001, the Department of Homeland Security (DHS) and Transportation Security Administration have implemented numerous security measures that affect airline operations and costs, and are likely to implement additional measures in the future. Most recently, DHS has begun to implement the US-VISIT program (a program of fingerprinting and photographing foreign visa holders), announced that it will implement greater use of passenger data for evaluating security measures to be taken with respect to individual passengers, expanded the use of federal air marshals on Continental's flights (thus displacing additional revenue passengers and causing increased customer complaints from displaced passengers), begun investigating a requirement to install aircraft security systems (such as active devices on commercial aircraft as countermeasures against portable surface to air missiles) and expanded cargo and baggage screening. DHS has also required certain flights to be cancelled on short notice for security reasons, and has required certain airports to remain at higher security levels than other locations.

In addition, foreign governments also have begun to institute additional security measures at foreign airports that Continental serves, out of their own security concerns or in response to security measures imposed by the U.S.

A large part of the costs of these security measures is borne by the airlines and their passengers, and Continental believes that these and other security measures have the effect of decreasing the demand for air travel and the attractiveness of air transportation as compared to other modes of transportation in general. Security measures imposed by the U.S. and foreign governments after September 11, 2001 have increased Continental's costs and therefore adversely affected Continental's financial results, and additional measures taken in the future may result in similar adverse effects.

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Expanded Government Regulation Could Further Increase Continental's Operating Costs and Restrict Its Ability to Conduct Its Business

As evidenced by the security measures discussed above, airlines are subject to extensive regulatory and legal compliance requirements that result in significant costs. Additional laws, regulations, taxes and airport rates and charges have been proposed from time to time that could significantly increase the cost of airline operations or reduce revenue. The Federal Aviation Administration (the "FAA") from time to time issues directives and other regulations relating to the maintenance and operation of aircraft that require significant expenditures. Some 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, commuter aircraft safety and increased inspections and maintenance procedures to be conducted on older aircraft. Continental expects to continue incurring expenses to comply with the FAA's regulations.

Many aspects of airlines' operations also are subject to increasingly stringent federal, state and local laws protecting the environment. Future regulatory developments in the U.S. and abroad could adversely affect operations and increase operating costs in the airline industry. For example, potential future actions that may be taken by the U.S. government, foreign governments, or the International Civil Aviation Organization to limit the emission of greenhouse gases by the aviation sector are unknown at this time, but the impact to Continental and its industry is likely to be adverse and could be significant.

Restrictions on the ownership and transfer of airline routes and takeoff and landing slots have also been proposed. The ability of U.S. carriers to operate international routes is subject to change because the applicable arrangements between the United States and foreign governments may be amended from time to time, or because appropriate slots or facilities are not made available. Continental cannot provide assurance that current laws and regulations, or laws or regulations enacted in the future, will not adversely affect it.

Continental'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 summer months, revenue in the airline industry in the second and third quarters of the year is generally stronger than revenue in the first and fourth quarters of the year for most U.S. air carriers. Continental's results of operations generally reflect this seasonality, but also have been impacted by numerous other factors that are not necessarily seasonal, including excise and similar taxes, weather, air traffic control delays and general economic conditions, as well as the other factors discussed above. For example, in the third quarter of 2005, Hurricanes Katrina and Rita disrupted Continental's operations and resulted in unprecedented high prices and diminished supplies of jet fuel. As a result, Continental's operating results for a quarterly period are not necessarily indicative of operating results for an entire year, and historical operating results are not necessarily indicative of future operating results.

Risk Factors Relating to the Certificates and the Offering

Appraisal and Realizable Value of Collateral

Simat, Helliesen & Eichner, Inc., an independent aviation appraisal and consulting firm ("SH&E"), has prepared an appraisal of the spare parts of the types included in the Collateral owned by Continental as of December 25, 2005. A report, dated February 16, 2006, summarizing such appraisal is annexed to this Prospectus Supplement as Appendix II. The appraisal is subject to a number of assumptions and limitations and was prepared based on certain specified methodologies. In preparing its appraisal, SH&E conducted only a limited physical inspection of certain locations at which Continental maintains the spare parts. An appraisal that is subject to other assumptions and

limitations and based on other methodologies may result in valuations that are materially different from those contained in SH&E's appraisal. See Description of the Appraisal .

Continental is required to provide to the Policy Provider, the Mortgagee and the Rating Agencies a semiannual appraisal of the Collateral. If any such subsequent appraisal indicates that the ratio of the outstanding principal amount of the Series G Equipment Note to the Collateral value is greater than 45.0%, that the ratio of the sum of the outstanding principal amount of the Series G Equipment Note and of the Series B Equipment Note to the Collateral

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value is greater than 75.0% or that the ratio of Rotables included in the Collateral to the outstanding principal amount of the Series G Equipment Note is less than 150.0%, Continental is required to provide additional collateral or to redeem some or all of the Equipment Notes so that the loan to collateral values are not greater than the applicable maximum percentage and the Rotables to loan value is not less than the applicable minimum percentage. See Description of the Equipment Notes Collateral .

An appraisal is only an estimate of value. An appraisal should not be relied upon as a measure of realizable value. The proceeds realized upon a sale of any Collateral may be less than its appraised value. The value of the Collateral if remedies are exercised under the Indenture will depend on market and economic conditions, the supply of similar spare parts, the availability of buyers, the condition of the Collateral and other factors. In addition, since spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of business, the quantity of spare parts included in the Collateral and their appraised value will change over time. Accordingly, there can be no assurance that the proceeds realized upon any such exercise of remedies with respect to Equipment Notes and the Collateral would equal the appraised value of the Collateral or be sufficient to satisfy in full payments due on such Equipment Notes or the Certificates.

As discussed under Risk Factors Relating to the Airline Industry The Airline Industry is Highly Competitive and Susceptible to Price Discounting and Fluctuations in Passenger Demand , in recent years the airline industry has suffered substantial losses and several major U.S. air carriers have filed for bankruptcy protection. In response to adverse market conditions, many air carriers have reduced the number of aircraft in operation, and there may be further reductions, particularly by air carriers in bankruptcy. Any such reduction of aircraft of the same models as the models of aircraft on which the spare parts included in the Collateral may be installed or used could adversely affect the value of the Collateral.

Control over Collateral; Sale of Equipment Notes

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

The Controlling Party will be:

The Policy Provider (except as provided below).

If a Policy Provider Default is continuing or if the Policy has been surrendered for cancellation (thereby releasing the Policy Provider from its obligations under the Policy) and the Policy Provider Amounts (other than certain specified amounts) have been paid in full, the Class G Trustee.

Upon payment of Final Distributions to Class G Certificateholders and (unless a Policy Provider Default is continuing) of the Policy Provider Amounts (other than certain specified amounts) to the Policy Provider, the Class B Trustee.

Under certain circumstances, the Primary Liquidity Provider.

During the continuation of any Indenture Default, the Controlling Party may direct the sale of the Equipment Notes, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Sale of Pledged Spare Parts or Equipment Notes . 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 the Controlling Party directs the sale of any

Equipment Notes for less than their outstanding principal amount, the Class B Certificateholders (and, if payments required to be made under the Policy are not made, perhaps the Class G Certificateholders) will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against Continental, any Liquidity Provider, any Trustee or, in the case of the Class B Certificateholders, the Policy Provider.

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Table of Contents***Influence of the Policy Provider***

Amendments, modifications and waivers of the Indenture and the other Operative Agreements require the consent of the holders of a majority of the outstanding principal amount of the Equipment Notes, subject to certain limited exceptions. See Description of the Equipment Notes Modification of Indenture and Other Operative Agreements . The Series G Equipment Note will constitute a majority of the outstanding principal amount of the Equipment Notes through the Final Expected Distribution Date, unless prepaid earlier at the option of Continental. See Description of the Certificates Pool Factors . So long as the Final Distributions on the Class G Certificates have not been made or any Policy Provider Obligations or Policy Expenses remain outstanding and no Policy Provider Default has occurred and is continuing, the Policy Provider will direct the vote of the Series G Equipment Note. See Description of the Intercreditor Agreement Voting of Equipment Notes . Accordingly, it is expected that the Policy Provider will have control over any such amendments, modifications and waivers. In addition, after the occurrence and during the continuance of an Indenture Default, the Mortgagee will be directed in taking, or refraining from taking, any action under the Indenture by the Controlling Party. The Policy Provider will be the Controlling Party, subject to certain exceptions. See Description of the Intercreditor Agreement Intercreditor Rights Controlling Party .

Ratings of the Certificates

It is a condition to the issuance of the Certificates that the Class G Certificates be rated not lower than Aaa by Moody's and AAA by Standard & Poor's and the Class B Certificates be rated not lower than B1 by Moody's and B+ by Standard & Poor's. A rating is not a recommendation to purchase, hold or sell the Certificates, because such rating does not address market price or suitability for a particular investor. A rating may not remain unchanged for any given period of time and may be lowered or withdrawn entirely by a Rating Agency if, in its judgment, circumstances in the future (including the downgrading of Continental, any Liquidity Provider or the Policy Provider) so warrant.

The Rating Agencies base (i) the rating of the Class G Certificates solely on the rating of the Policy Provider and the availability of the Policy and (ii) the rating of the Class B Certificates primarily on the default risk of the Series B Equipment Note, the value provided by the Collateral securing the Equipment Notes and the subordination provisions applicable to the Certificates. These ratings address the likelihood of timely payment of interest (at the Stated Interest Rate and without any Premium or Break Amount) when due on the Certificates and the ultimate payment of principal distributable under the Certificates by the Final Maturity Date. The ratings do not address the possibility of certain defaults, optional redemptions or other circumstances, which could result in the payment of the outstanding principal amount of the Certificates prior to the Final Expected Distribution Date. Standard & Poor's has indicated that its rating on the Class G Certificates would be withdrawn if the Policy Provider were released from its obligations under the Policy by the Class B Certificateholders in connection with their purchase of the Class G Certificates.

Maximum Interest Rate on Class G Certificates if Continental Defaults

If there is a Payment Default under the Indenture and such Payment Default is continuing on a Regular Distribution Date, the interest rate on the Series G Equipment Note for the interest period commencing on such Regular Distribution Date will be subject to a maximum equal to the Capped Interest Rate. The amounts available for any such interest period under the Liquidity Facilities and the Policy for the payment of accrued interest with respect to the Class G Certificates are limited by the same maximum rate. Accordingly, if Continental fails to make a payment under the Indenture when due, the interest rate on the Series G Equipment Note and, accordingly, the amount that the Class G Trustee may draw under the Liquidity Facilities and the Policy (or, if applicable, withdraw from the Cash Collateral Account) to make the next interest payment with respect to the Class G Certificates will be capped at such maximum rate. The Class G Certificateholders will not have a claim for interest at a rate above the Capped Interest Rate with respect to any period during which the Capped Interest Rate is in effect.

Table of Contents***Above-Cap Liquidity Facility for the Class G Certificates***

The Above-Cap Liquidity Facility provides that upon (i) a downgrading of the Above-Cap Liquidity Provider below the applicable Threshold Rating or (ii) the occurrence of certain other events relating to certain changes in law or other circumstances, unless the Above-Cap Liquidity Facility is replaced by a replacement Above-Cap Liquidity Facility, the Above-Cap Liquidity Facility shall be terminated. The Above-Cap Liquidity Provider will have the right to replace the Above-Cap Liquidity Facility by a replacement Above-Cap Liquidity Facility or to terminate the Above-Cap Liquidity Facility upon the occurrence of certain events relating to deduction or withholding for tax. If the Above-Cap Liquidity Facility is so terminated, the Above-Cap Liquidity Provider is required to deposit into the Above-Cap Collateral Account a termination payment expected to be sufficient to cover one future payment under the Above-Cap Liquidity Facility, assuming that LIBOR will not exceed 20%. See Description of the Liquidity Facilities for the Class G Certificates Above-Cap Liquidity Facility Payments . Thus, after the Above-Cap Liquidity Facility has been terminated, if LIBOR at any time exceeds 20% or if more than one payment is to be made from the Above-Cap Collateral Account, there can be no assurance that the amounts available in the Above-Cap Collateral Account would be sufficient to cover any interest shortfall on the Class G Certificates as otherwise described herein.

Certain Limitations With Respect to the Collateral

The Equipment Notes will be secured by a lien on the Pledged Spare Parts. See Description of the Equipment Notes Collateral . However, the lien will not apply to a spare part for as long as it is installed on or being used in any aircraft, engine or other spare part so installed or being used. In addition, since spare parts are regularly used, refurbished, purchased, transferred and discarded in the ordinary course of Continental's business, the quantity of spare parts included in the Collateral and their appraised value will change over time.

Continental is required to keep the Pledged Spare Parts at certain Designated Locations, subject to certain exceptions. See Description of the Equipment Notes Collateral Designated Locations . The lien of the Equipment Notes will not apply to any spare part not located at a Designated Location.

Continental is required to provide to the Policy Provider, the Trustees and the Rating Agencies a semiannual appraisal of the Collateral. If any such subsequent appraisal indicates that the ratio of the outstanding principal amount of the Series G Equipment Note to the Collateral value is greater than 45.0%, that the ratio of the sum of the outstanding principal amount of the Series G Equipment Note and of the Series B Equipment Note to the Collateral value is greater than 75.0% or that the ratio of Rotables included in the Collateral to the outstanding principal amount of the Series G Equipment Note is less than 150.0%, Continental is required to provide additional collateral or to redeem some or all of the Equipment Notes so that the loan to Collateral values are not greater than the applicable maximum percentage and the Rotables to loan value is not less than the applicable minimum percentage. In order to satisfy this requirement, Continental may grant a lien on additional Qualified Spare Parts, spare parts relating to Boeing model 787 aircraft (in the first such instance, subject to the approval of the Policy Provider), cash or certain investment securities. In addition, Continental may grant a lien on other collateral, provided that the Policy Provider agrees and each Rating Agency confirms that the use of such additional collateral will not result in a reduction of the rating of the Class G Certificates or Class B Certificates below the then current rating for such Certificates (determined in the case of the Class G Certificates without regard to the Policy) or a withdrawal or suspension of the rating of such Certificates. See Description of the Equipment Notes Collateral . Section 1110 of the U.S. Bankruptcy Code, which provides special rights to holders of liens with respect to certain equipment (see Description of the Equipment Notes Remedies), would apply to any such additional Qualified Spare Parts and spare parts relating to Boeing model 787 aircraft but would not apply to any such cash or investment securities. In addition, Section 1110 may not apply to such other collateral, depending on the circumstances.

Any such grant of a lien on cash, investment securities or other collateral or redemption of Equipment Notes by Continental could be subject to avoidance as a preference under Section 547 of the U.S. Bankruptcy Code if (1) it occurred within 90 days of a bankruptcy filing by Continental (or one year in the case of a redemption of Equipment Notes held by an insider of Continental within the meaning of the U.S. Bankruptcy Code) and (2) it enabled the holders of such Equipment Notes to receive more than they would receive if Continental were liquidated under Chapter 7 of the U.S. Bankruptcy Code and the grant of additional collateral or the redemption of such Equipment

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Notes had not occurred, which would likely be the case if, at the time of the grant or redemption, such Equipment Notes are undersecured.

Limited Ability to Resell the Certificates

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

In addition, the Class B 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. This additional restriction may make it more difficult for you to resell any of your Class B Certificates, even if a secondary market does develop.

Risk Factors Relating to the Policy Provider

If the Financial Condition of the Policy Provider Declines, the Rating of the Class G Certificates May Decline

The rating by each Rating Agency of the Class G Certificates is based on the existence of the Policy that insures the complete and timely payment of interest relating to the Class G Certificates on each Regular Distribution Date and the payment of outstanding principal of the Class G Certificates no later than the Final Maturity Date. Financial Guaranty Insurance Company, the Policy Provider, will issue the Policy. If the Policy Provider's financial condition declines or if it becomes insolvent, the Subordination Agent may be unable to recover the full amount due under the Policy. In addition, such a decline or insolvency could lead a Rating Agency to downgrade the ratings of the Class G Certificates because of a concern that the Policy Provider may be unable to make payments to the holders of the Class G Certificates under the Policy. For a discussion of the financial information generally available relating to the Policy Provider, see Description of the Policy Provider. For certain financial statements of the Policy Provider, see Appendix III Policy Provider Financial Statements.

Policy Protection is Limited

Although the Subordination Agent may make drawings under the Policy for interest payments relating to the Class G Certificates on each Regular Distribution Date, the Subordination Agent may not make drawings for principal payments until the Final Maturity Date except in certain limited circumstances. This limits the protection afforded to holders of Class G Certificates by the Policy.

The Class B Certificates will not have the benefit of the Policy or any other insurance policy covering payments on the Certificates.

USE OF PROCEEDS

The proceeds from the sale of the Certificates will be used at the time of such sale to acquire Equipment Notes issued by Continental. Continental will use most of the proceeds from the sale of the Equipment Notes to redeem its outstanding Floating Rate Secured Notes Due 2007, which bear interest at USD 3-month LIBOR plus 0.9% per annum, and Floating Rate Secured Subordinated Notes Due 2007, which bear interest at USD 3-month LIBOR plus 7.5% per annum (or, if Continental has funded such redemption prior to receipt of such proceeds, to reimburse Continental for such funding). The outstanding principal amount of the notes to be redeemed was \$291.5 million as of

March 31, 2006, and the aggregate redemption price will be approximately \$ million, including accrued interest, LIBOR breakage costs and, in the case of the Floating Rate Secured Subordinated Notes, a premium. The notes to be redeemed are secured by the Collateral that will secure the Equipment Notes. The proceeds in excess of the amount used with respect to the redemption of the outstanding notes will be used by Continental for general corporate purposes.

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THE COMPANY

Continental Airlines, Inc. (Continental or the Company) is a major United States air carrier engaged in the business of transporting passengers, cargo and mail. Continental is the world's sixth largest airline (as measured by the number of scheduled miles flown by revenue passengers, known as revenue passenger miles, in 2005). Together with ExpressJet Airlines, Inc. (operating as Continental Express and referred to in this Prospectus Supplement as ExpressJet), a wholly owned subsidiary of ExpressJet Holdings, Inc., from which Continental purchases seat capacity, and Continental's wholly owned subsidiary, Continental Micronesia, Inc. (CMI), Continental operates more than 2,500 daily departures. As of March 31, 2006, Continental flew to 133 domestic and 123 international destinations and offered additional connecting service through alliances with domestic and foreign carriers. Continental directly served 23 European cities, nine South American cities, Tel Aviv, Delhi, Hong Kong, Beijing and Tokyo as of March 31, 2006. In addition, Continental provides service to more destinations in Mexico and Central America than any other United States airline, serving 41 cities. Through its Guam hub, CMI provides extensive service in the western Pacific, including service to more Japanese cities than any other United States carrier. The Company's executive offices are located at 1600 Smith Street, Houston, Texas 77002. The Company's telephone number is (713) 324-2950.

Domestic Operations

Continental operates its domestic route system primarily through its hubs in the New York metropolitan area at Newark Liberty International Airport (Liberty International), in Houston, Texas at George Bush Intercontinental Airport (Bush Intercontinental) and in Cleveland, Ohio at Hopkins International Airport (Hopkins International). Continental's hub system allows it to transport passengers between a large number of destinations with substantially more frequent service than if each route were served directly. The hub system also allows Continental to add service to a new destination from a large number of cities using only one or a limited number of aircraft. As of March 31, 2006, Continental operated 71% of the average daily departures from Liberty International, 89% of the average daily departures from Bush Intercontinental, and 66% of the average daily departures from Hopkins International (in each case including regional jets flown for Continental by ExpressJet). Each of Continental's domestic hubs is located in a large business and population center, contributing to a high volume of origin and destination traffic.

International Operations

Continental directly serves destinations throughout Europe, Canada, Mexico, Central and South America and the Caribbean, as well as Tel Aviv, Delhi, Hong Kong, Beijing and Tokyo. Continental also provides service to numerous other destinations through codesharing arrangements with other carriers and has extensive operations in the western Pacific conducted by CMI. As measured by 2005 available seat miles, approximately 45% of Continental's mainline operations (flights using jets with a capacity of greater than 100 seats), is dedicated to international traffic.

Liberty International is a significant international gateway. From Liberty International, Continental served 23 cities in Europe, seven cities in Canada, five cities in Mexico, seven cities in Central America, five cities in South America, 17 Caribbean destinations, Tel Aviv, Delhi, Hong Kong, Beijing and Tokyo at March 31, 2006. During 2005, Continental added service between Liberty International and Beijing, China; Bristol, England; Belfast, Northern Ireland; Berlin, Germany; Delhi, India; Hamburg, Germany; Stockholm, Sweden; Liberia, Costa Rica, Curacao, Netherlands Antilles and Ponce, Puerto Rico. In 2006, Continental will begin service between Liberty International and Barcelona, Spain; Copenhagen, Denmark and Cologne, Germany.

Bush Intercontinental is the focus of Continental's flights to destinations in Mexico and Central America. As of March 31, 2006, Continental flew from Bush Intercontinental to 30 cities in Mexico, all seven countries in Central

America, nine cities in South America, eight Caribbean destinations, three cities in Canada, three cities in Europe and Tokyo. During 2005, Continental added service between Bush Intercontinental and Buenos Aires, Argentina; Punta Cana, Dominican Republic; and Bonaire, Netherlands Antilles.

From its hub operations based on the island of Guam, as of March 31, 2006, CMI provided service to eight cities in Japan, more than any other United States carrier, as well as other Pacific Rim destinations, including the

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Philippines, Hong Kong, Australia and Indonesia. In 2005, CMI added new service between Guam and Hiroshima, Japan and between Honolulu, Hawaii and Nagoya, Japan. CMI is the principal air carrier in the Micronesian Islands, where it pioneered scheduled air service in 1968. CMI's route system is linked to the United States market through Hong Kong, Tokyo and Honolulu, each of which CMI serves non-stop from Guam.

Alliances

Continental has alliance agreements, which are also referred to as codeshare agreements or cooperative marketing agreements, with other carriers. These relationships may include (a) codesharing (one carrier placing its name and flight number, or code, on flights operated by the other carrier), (b) reciprocal frequent flyer program participation, reciprocal airport lounge access and other joint activities (such as seamless check-in at airports) and/or (c) block space arrangements (carriers agree to share capacity and bear economic risk for blocks of seats on certain routes). Except for Continental's relationship with ExpressJet, all of Continental's codeshare relationships are free-sell codeshares, where the marketing carrier sells seats on the operating carrier's flights from the operating carrier's inventory, but takes no inventory risk. In contrast, in a block space relationship or capacity purchase agreement, such as Continental has with ExpressJet, the marketing carrier is committed to purchase a set number of seats on the operating carrier, sells seats to the public from this purchased inventory and is at economic risk for the purchased seats that it is unable to sell. Some alliance relationships may include other cooperative undertakings such as joint purchasing, joint corporate sale contracts, airport handling, facilities sharing or joint technology development.

In September 2004, Continental joined SkyTeam, a global alliance of airlines that offers greater destination coverage and the potential for increased revenue. SkyTeam members include Aeromexico, Air France, Alitalia, CSA Czech Airlines, Delta, KLM, Korean Air and Northwest. As of December 31, 2005, SkyTeam members served 344 million passengers with over 15,200 daily departures to 684 global destinations in more than 133 countries. In conjunction with joining SkyTeam, Continental entered into bilateral codeshare, frequent flyer program participation and airport lounge access agreements with each of the SkyTeam members. Continental had long-term alliances with Northwest, Delta and KLM prior to joining SkyTeam. Continental began codeshare operations with many of the other SkyTeam members in 2005, and Continental intends to implement codeshare operations with the remaining carriers by the end of 2006.

Continental also has domestic codesharing agreements with Hawaiian Airlines, Alaska Airlines, and Horizon Airlines. Additionally, Continental has codeshare agreements with Gulfstream International Airlines, Champlain Enterprises, Inc., Hyannis Air Service, Inc., Colgan Airlines, Inc., Hawaii Island Air, Inc. and American Eagle Airlines, who provide us with commuter feed traffic. Continental also has the first train-to-plane alliance in the United States with Amtrak.

In addition to its domestic alliances, Continental seeks to develop international alliance relationships that complement its own route system and permit expanded service through its hubs to major international destinations. International alliances assist in the development of its route structure by enabling Continental to offer more frequencies in a market, provide passengers connecting service from Continental's international flights to other destinations beyond an alliance airline's hub and expand the product line that Continental may offer in a foreign destination. In addition to its agreements with the SkyTeam member airlines, Continental also currently has international codesharing agreements with Air Europa of Spain, Emirates (the flag carrier of the United Arab Emirates), EVA Airways Corporation (an airline based in Taiwan), British European (flybe), Virgin Atlantic Airways, Copa Airlines of Panama (Copa Airlines) and French rail operator SNCF. As of March 31, 2006, Continental owned 27% of the common equity of Copa Holdings, S.A., the parent of Copa Airlines.

Regional Operations

Continental's mainline service at each of its domestic hub cities is coordinated with ExpressJet, which operates new-generation regional jets. As of March 31, 2006, ExpressJet served 116 destinations in the U.S., 27 cities in Mexico, six cities in Canada, one Caribbean destination and one city in Guatemala. Since December 2002, ExpressJet's fleet has been comprised entirely of regional jets. Continental believes ExpressJet's regional jet service complements Continental's operations by carrying traffic that connects onto Continental's mainline jets and by

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allowing more frequent flights to smaller cities than could be provided economically with larger jet aircraft. The regional jets also allow ExpressJet to serve certain routes that cannot be served by turboprop aircraft. Additional commuter feed traffic is currently provided to Continental by other alliance airlines, as discussed above.

Continental purchases all of ExpressJet's available seat miles for a negotiated price under a capacity purchase agreement with ExpressJet. The agreement covers all of ExpressJet's existing fleet, as well as the four Embraer regional jets currently on order. Under the agreement, as amended, ExpressJet has the right through December 31, 2006 to be Continental's sole provider of regional jet service from Continental's hubs. Continental is responsible for all scheduling, pricing and seat inventories of ExpressJet's flights. Therefore, Continental is entitled to all revenue associated with those flights and is responsible for all revenue-related expenses, including commissions, reservations, catering and passenger ticket processing expenses. In exchange for ExpressJet's operation of the flights and performance of other obligations under the agreement, Continental pays ExpressJet based on scheduled block hours (the hours from gate departure to gate arrival) in accordance with a formula designed to provide ExpressJet with an operating margin of approximately 10% before taking into account performance incentive payments and variations in some costs and expenses that are generally controllable by ExpressJet, primarily wages, salaries and related costs. Continental assumes the risk of revenue volatility associated with fares and passenger traffic, price volatility for specified expense items such as fuel and the cost of all distribution and revenue-related costs.

Under the capacity purchase agreement, Continental has the right to give no less than 12 months' notice to ExpressJet of its intent to reduce the number of Continental's aircraft covered by the contract. In December 2005, Continental gave notice to ExpressJet that Continental would withdraw 69 of the 274 regional jet aircraft (including 2006 deliveries) from the capacity purchase agreement because the rates charged by ExpressJet for regional capacity are above the current market. Exercising its right under the capacity purchase agreement, ExpressJet Holdings, Inc. notified Continental on May 5, 2006 that ExpressJet will keep all 69 of the regional jet aircraft that Continental elected to remove from the capacity purchase agreement. As a result, Continental will continue to sublease the aircraft to ExpressJet at increased lease rates, and the aircraft will be withdrawn from the capacity purchase agreement over a six-month period beginning in December 2006 and ending in June 2007 and will no longer be flown for Continental. Under Continental's agreement with ExpressJet, ExpressJet may (1) fly any of the withdrawn aircraft for another airline (subject to its ability to obtain facilities, such as gates, ticket counters, hold rooms and other operations-related facilities, and subject to its arrangement with Continental that prohibits ExpressJet during the term of the agreement from flying under its or another carrier's code in or out of Continental's hub airports), or (2) fly any of the withdrawn aircraft under ExpressJet's own flight designator code, subject to its ability to obtain facilities and subject to ExpressJet's arrangement with Continental respecting its hubs. Continental expects to replace some or all of the capacity currently provided by the 69 regional jets. Continental believes that there are other aircraft available to Continental to replace this capacity at a lower cost.

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DESCRIPTION OF THE POLICY PROVIDER

General

The information set forth in this section, including any financial statements incorporated herein, and in the financial statements attached hereto as Appendix III has been provided by Financial Guaranty Insurance Company, a New York stock insurance corporation (FGIC or the Policy Provider), for inclusion in this Prospectus Supplement, and such information has not been independently verified by Continental, the Underwriter, the Subordination Agent or the Liquidity Providers. Accordingly, notwithstanding anything to the contrary herein, none of Continental, the Underwriter, the Subordination Agent or the Liquidity Providers assumes any responsibility for the accuracy, completeness or applicability of such information.

The Policy Provider is a New York stock insurance corporation that writes financial guaranty insurance in respect of public finance and structured finance obligations and other financial obligations, including credit default swaps. The Policy Provider is licensed to engage in the financial guaranty insurance business in all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the U.S. Virgin Islands and the United Kingdom.

The Policy Provider is a direct, wholly owned subsidiary of FGIC Corporation, a Delaware corporation. At March 31, 2006, the principal owners of FGIC Corporation and the approximate percentage of its outstanding common stock owned by each were as follows: The PMI Group, Inc. 42%; affiliates of the Blackstone Group L.P. 23%; and affiliates of the Cypress Group L.L.C. 23%. Neither FGIC Corporation nor any of its stockholders or affiliates is obligated to pay any debts of the Policy Provider or any claims under any insurance policy, including the Policy, issued by the Policy Provider.

The Policy Provider is subject to the insurance laws and regulations of the State of New York, where the Policy Provider is domiciled, including New York's comprehensive financial guaranty insurance law. That law, among other things, limits the business of each financial guaranty insurer to financial guaranty insurance (and related lines); requires that each financial guaranty insurer maintain a minimum surplus to policyholders; establishes limits on the aggregate net amount of exposure that may be retained in respect of a particular issuer or revenue source (known as single risk limits) and on the aggregate net amount of exposure that may be retained in respect of particular types of risk as compared to the policyholders' surplus (known as aggregate risk limits); and establishes contingency, loss and unearned premium reserve requirements. In addition, the Policy Provider is also subject to the applicable insurance laws and regulations of all other jurisdictions in which it is licensed to transact insurance business. The insurance laws and regulations, as well as the level of supervisory authority that may be exercised by the various insurance regulators, vary by jurisdiction.

FGIC Financial Information

The following table sets forth the capitalization of the Policy Provider and subsidiaries as of March 31, 2006, December 31, 2005 and December 31, 2004, on the basis of U.S. generally accepted accounting principles (GAAP).

Table of Contents**Financial Guaranty Insurance Company and Subsidiaries****CONSOLIDATED CAPITALIZATION TABLE**

(Dollars in Millions)

	March 31, 2006 (unaudited)	December 31, 2005	December 31, 2004
Unearned Premiums	\$ 1,227	\$ 1,201	\$ 1,043
Other Liabilities	895	140	121
Total Liabilities	2,122	1,341	1,164
Stockholder's Equity			
Common Stock	15	15	15
Additional Paid-in Capital	1,896	1,895	1,883
Accumulated Other Comprehensive (Loss) Income, net of tax	(34)	(14)	15
Retained Earnings	530	471	265
Total Stockholder's Equity	2,407	2,367	2,178
Total Liabilities and Stockholder's Equity	\$ 4,529	\$ 3,708	\$ 3,342

The audited consolidated financial statements of the Policy Provider and subsidiaries as of December 31, 2005 and 2004 and for the years ended December 31, 2005 and 2004, and for the periods from December 18, 2003 through December 31, 2003 and from January 1, 2003 through December 17, 2003, and the unaudited consolidated financial statements of the Policy Provider and subsidiaries as of March 31, 2006 and for the three month periods ended March 31, 2006 and 2005, are annexed to this Prospectus Supplement as Appendix III. Any statement contained herein under the heading "Description of the Policy Provider" or in Appendix III shall be modified or superseded to the extent required by any statement in any document subsequently incorporated by reference in this Prospectus Supplement with the approval of the Policy Provider, and shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

All financial statements of the Policy Provider (if any) included in documents filed by Continental with the Securities and Exchange Commission pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act, subsequent to the date of this Prospectus Supplement and prior to the termination of the offering of the Certificates shall be deemed to be incorporated by reference into this Prospectus Supplement and to be a part hereof from the respective dates of filing of such documents.

The New York State Insurance Department recognizes only statutory accounting practices (SAP) for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the New York Insurance Law, and for determining whether its financial condition warrants the payment of a dividend to its stockholders. Although the Policy Provider prepares both GAAP and SAP financial statements, no consideration is given by the New York State Insurance Department to financial statements prepared in accordance with GAAP in making such determinations. A discussion of the

principal differences between SAP and GAAP is contained in the notes to the Policy Provider's audited SAP financial statements.

Copies of the Policy Provider's most recently published GAAP and SAP financial statements are available upon request to: Financial Guaranty Insurance Company, 125 Park Avenue, New York, NY 10017, Attention: Corporate Communications Department. The Policy Provider's telephone number is (212) 312-3000.

Neither the Policy Provider nor any of its affiliates accepts any responsibility for the accuracy or completeness of, nor have they participated in the preparation of, the Prospectus, the Prospectus Supplement or any information or disclosure that is provided to potential purchasers of the Class G Certificates, or omitted from such disclosure, other than with respect to the accuracy of information regarding the Policy

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Provider set forth under the heading Description of the Policy Provider herein or in Appendix III. In addition, the Policy Provider makes no representation regarding the Class G Certificates or the advisability of investing in the Class G Certificates.

The Credit Ratings of FGIC

The financial strength of the Policy Provider is rated AAA by Standard & Poor's, a Division of The McGraw-Hill Companies, Inc. (Standard & Poor's), Aaa by Moody's Investor Service, Inc. (Moody's) and AAA by Fitch Ratings (Fitch). Each rating of the Policy Provider should be evaluated independently. The ratings reflect the respective ratings agencies' current assessments of the insurance financial strength of the Policy Provider. Any further explanation of any rating may be obtained only from the applicable rating agency. These ratings are not recommendations to buy, sell or hold the Class G Certificates, and are subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Class G Certificates. The Policy Provider does not guarantee the market price or investment value of the Class G Certificates nor does it guarantee that the ratings on the Class G Certificates will not be revised or withdrawn.

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DESCRIPTION OF THE CERTIFICATES

The following summary describes the material terms of the Certificates. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Basic Agreement, which was filed with the Commission as an exhibit to Continental's Current Report on Form 8-K dated September 25, 1997, and to all of the provisions of the Certificates, the Trust Supplement for each Trust and the Intercreditor Agreement, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission.

Except as otherwise indicated, the following summary relates to each of the Trusts and the Certificates issued by each such Trust. The terms and conditions governing each of the Trusts will be substantially the same, except as described under Subordination and Purchase Rights of Certificateholders below and except that the principal amount of the Equipment Notes held by each Trust and the interest rate of the Equipment Notes held by each Trust will differ. The references to Sections in parentheses in the following summary are to the relevant Sections of the Basic Agreement unless otherwise indicated.

General

Each Pass Through Certificate (collectively, the Certificates) will represent a fractional undivided interest in one of two Continental Airlines 2006-1 Pass Through Trusts (the Class G Trust and the Class B Trust and, together, the Trusts). The Trusts will be formed pursuant to a pass through trust agreement between Continental and Wilmington Trust Company, as trustee (the Trustee), dated as of September 25, 1997 (the Basic Agreement), and two separate supplements thereto (each, a Trust Supplement and, together with the Basic Agreement, collectively, the Pass Through Trust Agreements) relating to such Trusts between Continental and the Trustee, as trustee under each Trust. The Certificates to be issued by the Class G Trust and the Class B Trust are referred to herein, respectively, as the Class G Certificates and the Class B Certificates .

Each Certificate will represent a fractional undivided interest in the Trust created by the Basic Agreement and the applicable Trust Supplement pursuant to which such Certificate is issued. (Section 2.01) The Trust Property of each Trust (the Trust Property) will consist of:

Subject to the Intercreditor Agreement, an Equipment Note issued on a recourse basis by Continental.

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

In the case of the Class G Trust, all monies receivable under the Liquidity Facilities and the Policy.

Funds from time to time deposited with the applicable Trustee in accounts relating to such Trust.

The Certificates will be issued in fully registered form only and will be subject to the provisions described below under Delivery and Form . Certificates will be issued only in minimum denominations of \$1,000 or integral multiples thereof, except that one Certificate of each Trust may be issued in a different denomination. (Section 3.01; Trust Supplements, Section 3.01) The Class B 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 as long as they are outstanding. See Transfer Restrictions for Class B Certificates .

The Certificates represent interests in the respective Trusts, and all payments and distributions thereon will be made only from the Trust Property of the related Trust. (Sections 2.01 and 3.09) The Certificates do not represent an interest in or obligation of Continental, the Trustees or the Mortgagee or any affiliate of any thereof.

Subordination

On each Regular Distribution Date or Special Distribution Date (each, a Distribution Date), all payments received by the Subordination Agent in respect of Equipment Notes and certain other payments under the Indenture will be distributed under the Intercreditor Agreement in the following order:

To the Subordination Agent, any Trustee, any Certificateholder, the Primary Liquidity Provider and the Policy Provider to the extent required to pay Administration Expenses.

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To the Primary Liquidity Provider to the extent required to pay the Liquidity Expenses and to the Policy Provider to the extent required to pay Policy Expenses.

To the Primary Liquidity Provider to the extent required to pay interest accrued on the Liquidity Obligations (as determined after giving effect to certain payments by the Policy Provider to the Primary Liquidity Provider) and to the Policy Provider to the extent required to pay interest accrued on certain Policy Provider Obligations and, if the Policy Provider has paid to the Primary Liquidity Provider all outstanding drawings and interest thereon owing to the Primary Liquidity Provider, to the Policy Provider to the extent required to reimburse the Policy Provider for the amount of such payment made to the Primary Liquidity Provider attributable to interest accrued on such drawings.

To (i) the Primary Liquidity Provider to the extent required to pay the outstanding amount of all Liquidity Obligations (as determined after giving effect to certain payments by the Policy Provider to the Primary Liquidity Provider), (ii) if applicable, unless (x) any Equipment Note is a Non-Performing Equipment Note and a Liquidity Event of Default shall have occurred and is continuing or (y) a Final Drawing shall have occurred, to replenish the Cash Collateral Account up to the Required Amount (less the amount of any repayments of Interest Drawings while sub-clause (x) of this clause is applicable) and (iii) if the Policy Provider has paid to the Primary Liquidity Provider all outstanding drawings and interest thereon owing to the Primary Liquidity Provider or if the Policy Provider has honored any Policy Drawings as a result of the failure of the Primary Liquidity Provider to honor Interest Drawings in accordance with the Primary Liquidity Facility, to the Policy Provider to the extent required to reimburse the Policy Provider for the amount of such payment made to the Primary Liquidity Provider in respect of principal of drawings under the Primary Liquidity Facility and the amount of such Policy Drawings, as applicable.

If applicable, unless (x) any Equipment Note is a Non-Performing Equipment Note and a Liquidity Event of Default shall have occurred and is continuing or (y) a Final Drawing shall have occurred, to replenish the Above-Cap Collateral Account up to an amount equal to the Above-Cap Collateral Amount as recalculated as of such date (less any amount then on deposit in the Above-Cap Account).

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

To the Trustee for the Class G Trust (the Class G Trustee) to the extent required to pay Expected Distributions on the Class G Certificates.

To the Policy Provider to the extent required to pay Policy Provider Obligations (other than amounts payable pursuant to the first four clauses above and any Excess Reimbursement Obligations) and certain fees.

To the Trustee for the Class B Trust (the Class B Trustee) to the extent required to pay Expected Distributions on the Class B Certificates.

To the Policy Provider to the extent required to pay any Excess Reimbursement Obligations.

If applicable, unless (x) any Equipment Note is a Non-Performing Equipment Note and a Liquidity Event of Default shall have occurred and is continuing or (y) a Final Drawing shall have occurred, to replenish the Above-Cap Collateral Account up to an amount equal to the Above-Cap Collateral Amount as recalculated as of such date.

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

Monies drawn under a Liquidity Facility or the Policy will not be subject to the subordination provisions of the Intercreditor Agreement.

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Payments and Distributions

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

Interest

The Equipment Note held in each Trust will accrue interest at the applicable variable rate per annum for the Certificates to be issued by such Trust set forth on the cover page of this Prospectus Supplement, subject, in the case of the Series G Equipment Note, to a maximum equal to the Capped Interest Rate only for any interest period commencing on any Regular Distribution Date if a Payment Default under the Indenture shall have occurred and is continuing on such Regular Distribution Date (the Stated Interest Rates). Accrued interest is scheduled to be paid on March 2, June 2, September 2 and December 2 of each year, commencing on September 2, 2006 (the Regular Distribution Dates). Such interest payments will be distributed to Certificateholders of such Trust on each such date until the final Distribution Date for such Trust, subject to the Intercreditor Agreement. Interest on the Equipment Notes is calculated on the basis of the actual number of days elapsed over a 360-day year.

Interest payable on the Equipment Notes for each Interest Period after the initial Interest Period will be determined based on LIBOR. As promptly as practicable after the determination of LIBOR for an Interest Period under the Reference Agency Agreement, the Reference Agent will give notice of such determination of LIBOR to Continental, the Trustees, the Mortgagee, the Subordination Agent, the Primary Liquidity Provider, the Above-Cap Liquidity Provider and the Policy Provider. Certificateholders may obtain such information from the Trustees or otherwise in the statements included with each distribution of a Scheduled Payment or Special Payment.

Payments of interest with respect to the Class G Certificates will be supported by the Primary Liquidity Facility and the Above-Cap Liquidity Facility to be provided by the applicable Liquidity Provider for the benefit of the holders of such Certificates. The Primary Liquidity Facility, together with the Above-Cap Liquidity Facility, is expected to provide an amount sufficient to pay interest on the Class G Certificates at the Stated Interest Rate for the Class G Certificates on up to eight successive Regular Distribution Dates (without regard to any future payments of principal on such Certificates and assuming that Continental will not cure any payment default under the Indenture). The Liquidity Facilities do not provide for drawings or payments thereunder to pay for principal of or Break Amount or Premium on the Class G Certificates, any interest on the Class G Certificates in excess of the Stated Interest Rate for the Class G Certificates, or, notwithstanding the subordination provisions of the Intercreditor Agreement, any amount with respect to the Class B Certificates. Therefore, only the holders of the Class G Certificates will be entitled to receive and retain the proceeds of drawings under the Primary Liquidity Facility and withdrawals from the Above-Cap Account. See Description of the Liquidity Facilities for the Class G Certificates . The Class B Certificates will not have the benefit of any liquidity facility.

In the case of the Class G Certificates, after use of any available funds under the Primary Liquidity Facility, the Cash Collateral Account and the Above-Cap Account, the payment of interest at the Stated Interest Rate for the Class G Certificates will be supported by the Policy provided by the Policy Provider, except in specified circumstances. See Description of the Policy and the Policy Provider Agreement for the Class G Certificates The Policy .

Principal

The entire principal amount of the Equipment Notes of each Series is scheduled to be paid on June 2, 2013 (the Final Expected Distribution Date). The Final Maturity Date is June 2, 2015.

Payment of principal of the Class G Certificates on the Final Maturity Date and, in certain limited circumstances, earlier will be supported by the Policy provided by the Policy Provider. See Description of the Policy and the Policy Provider Agreement for the Class G Certificates The Policy . The Class B Certificates will not have the benefit of the Policy or any other insurance policy covering payments on the Certificates.

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Distributions

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

Any payment in respect of, or any proceeds of, any Equipment Note or Collateral under (and as defined in) the Indenture other than a Scheduled Payment (each, a Special Payment) will be distributed on, in the case of a redemption of any Equipment Note, the date of such redemption (which shall be a Business Day), and otherwise on the Business Day specified for distribution of such Special Payment pursuant to a notice delivered by each Trustee as soon as practicable after the Trustee has received funds for such Special Payment (each, a Special Distribution Date). Any such distribution will be subject to the Intercreditor Agreement.

Each Trustee will mail a notice to the Certificateholders of the applicable Trust stating the scheduled Special Distribution Date, the related record date, the amount of the Special Payment and the reason for the Special Payment. In the case of a redemption or purchase of the Equipment Note held in the related Trust, such notice will be mailed not less than 15 days prior to the date such Special Payment is scheduled to be distributed, and in the case of any other Special Payment, such notice will be mailed as soon as practicable after the Trustee has confirmed that it has received funds for such Special Payment. (Section 4.02(c); Trust Supplements, Section 4.02(b)) If the redemption of an Equipment Note held in a Trust is revoked after notice of the Special Payment date for such redemption has been given to holders of Certificates issued by such Trust, the Trustee will promptly mail notice of such revocation to such Certificateholders. Each distribution of a Special Payment, other than a final distribution, on a Special Distribution Date for any Trust will be made by the Trustee to the Certificateholders of record of such Trust on the record date applicable to such Special Payment. (Section 4.02(b)) See Indenture Defaults and Certain Rights Upon an Indenture Default and Description of the Equipment Notes Optional Redemption .

Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more non-interest bearing accounts (the Certificate Account) for the deposit of payments representing Scheduled Payments received by such Trustee. Each Pass Through Trust Agreement requires that the Trustee establish and maintain, for the related Trust and for the benefit of the Certificateholders of such Trust, one or more accounts (the Special Payments Account) for the deposit of payments representing Special Payments received by such Trustee, which shall be non-interest bearing except in certain circumstances where the Trustee may invest amounts in such account in certain permitted investments. Pursuant to the terms of each Pass Through Trust Agreement, the Trustee is required to deposit any Scheduled Payments relating to the applicable Trust received by it in the Certificate Account of such Trust and to deposit any Special Payments so received by it in the Special Payments Account of such Trust. (Section 4.01; Trust Supplements, Section 4.03(a)) All amounts so deposited will be distributed by the Trustee on a Regular Distribution Date or a Special Distribution Date, as appropriate. (Section 4.02; Trust Supplements, Section 4.03(a))

The final distribution for each Trust will be made only upon presentation and surrender of the Certificates for such Trust at the office or agency of the Trustee specified in the notice given by the Trustee of such final distribution. The

Trustee will mail such notice of the final distribution to the Certificateholders of such Trust, specifying the date set for such final distribution and the amount of such distribution. (Section 11.01) See Termination of the Trusts below. Distributions in respect of Certificates issued in global form will be made as described in Delivery and Form below.

If any Distribution Date is a Saturday, Sunday or other day on which commercial banks are authorized or required to close in New York, New York, Houston, Texas, or Wilmington, Delaware, or which is not a day for

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trading by and between banks in the London interbank Eurodollar market (any other day being a Business Day), distributions scheduled to be made on such Regular Distribution Date or Special Distribution Date will be made on the next succeeding Business Day, and interest shall be added for such additional period. (Section 12.11)

Pool Factors

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

The Pool Factor for each Trust as of any date is the quotient (rounded to the seventh decimal place) computed by dividing (i) the Pool Balance by (ii) the original aggregate face amount of the Certificates of such Trust. The Pool Factor for each Trust or for the Certificates issued by any Trust as of any date shall be computed after giving effect to any payment of principal of the Equipment Notes, payment under the Policy (other than in respect of interest on the Class G Certificates) or payment with respect to other Trust Property held in such Trust and the distribution thereof made on that date. (Trust Supplements, Section 2.01) The Pool Factor for each Trust will be 1.0000000 on the date of issuance of the Certificates; thereafter, the Pool Factor for each Trust will decline to reflect reductions in the Pool Balance of such Trust. The amount of a Certificateholder's pro rata share of the Pool Balance of a Trust can be determined by multiplying the par value of the holder's Certificate of such Trust by the Pool Factor for such Trust as of the applicable Distribution Date. Notice of the Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of such Trust on each Distribution Date. (Trust Supplements, Section 4.02)

In the event of any optional redemption, a purchase or a default in the payment of principal or interest in respect of the Equipment Note held in a Trust, as described in Indenture Defaults and Certain Rights Upon an Indenture Default and Description of the Equipment Notes Optional Redemption, the Pool Factors and the Pool Balances of each Trust so affected will be recomputed after giving effect thereto and notice thereof will be mailed to the Certificateholders of such Trust promptly after the occurrence of any such event. (Trust Supplements, Section 4.02(c))

Reports to Certificateholders

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

(a) The aggregate amount of funds distributed on such Distribution Date under the Pass Through Trust Agreement, indicating the amount allocable to each source, including, in case of the Class G Certificates, any portion thereof paid by the Primary Liquidity Provider, withdrawn from the Above-Cap Account or paid by the Policy Provider.

(b) The amount of such distribution under the Pass Through Trust Agreement allocable to principal and the amount allocable to Premium and Break Amount, if any.

(c) The amount of such distribution under the Pass Through Trust Agreement allocable to interest.

(d) The Pool Balance and the Pool Factor for such Trust.

(e) The LIBOR rates and the resulting Stated Interest Rates for the current and immediately preceding Interest Periods, as determined by the Reference Agent. (Trust Supplements, Section 4.02(a))

So long as the Class G Certificates are registered in the name of The Depository Trust Company (DTC) or its nominee, on the record date prior to each Distribution Date, the Class G Trustee will request from DTC a securities

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position listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the Class G Certificates on such record date. On each Distribution Date, the Class G Trustee will mail to each such DTC Participant the statement described above and will make available additional copies as requested by such DTC Participant for forwarding to Class G Certificate Owners. (Trust Supplements, Section 4.02(a))

In addition, after the end of each calendar year, the applicable Trustee will furnish to each Certificateholder of each Trust at any time during the preceding calendar year a report containing the sum of the amounts determined pursuant to clauses (a), (b) and (c) above with respect to the Trust for such calendar year or, in the event such person was a Certificateholder during only a portion of such calendar year, for the applicable portion of such calendar year, and such other items as are readily available to such Trustee and which a Certificateholder shall reasonably request as necessary for the purpose of such Certificateholder's preparation of its U.S. federal income tax returns.

(Trust Supplements, Section 4.02(b)) Such report and such other items shall be prepared on the basis of information supplied to the applicable Trustee by the Certificateholders. So long as the Class G Certificates are registered in the name of DTC or its nominee, such report shall be delivered by the Class G Trustee to DTC Participants to be available for forwarding by such DTC Participants to Class G Certificate Owners in the manner described above.

(Trust Supplements, Section 4.02(b)) In the case of Certificates that are issued in the form of definitive certificates, the applicable Trustee will prepare and deliver the information described above to each Certificateholder of record of each Trust as the name and period of ownership of such Certificateholder appears on the records of the registrar of the Certificates.

Indenture Defaults and Certain Rights Upon an Indenture Default

Since the Equipment Notes issued under the Indenture will be held in the two Trusts, a continuing event of default under the Indenture (an Indenture Default) would affect the Equipment Note held by each such Trust.

In the event that the same institution acts as Trustee of both Trusts, in the absence of instructions from the Certificateholders of any such Trust, such Trustee could be faced with a potential conflict of interest upon an Indenture Default. In such event, each Trustee has indicated that it would resign as Trustee of one or both such Trusts, and a successor trustee would be appointed in accordance with the terms of the applicable Pass Through Trust Agreement. Wilmington Trust Company will be the initial Trustee under each Trust.

Upon the occurrence and continuation of an Indenture Default, the Controlling Party will direct the Mortgagee in the exercise of remedies thereunder. See Description of the Equipment Notes Remedies for a discussion of remedies available under the Indenture. In addition, the Controlling Party may direct that all (but not less than all) of the Equipment Notes be sold to any person, subject to certain limitations. See Description of the Intercreditor Agreement Intercreditor Rights Sale of Pledged Spare Parts or Equipment Notes. The proceeds of such sale will be distributed pursuant to the provisions of the Intercreditor Agreement. Any such proceeds so distributed to any Trustee upon any such sale shall be deposited in the applicable Special Payments Account and shall be distributed to the Certificateholders of the applicable Trust on a Special Distribution Date. (Sections 4.01 and 4.02) The market for Equipment Notes at the time of the existence of an Indenture Default may be very limited and there can be no assurance as to the price at which they could be sold. If any such Equipment Notes are sold for less than their outstanding principal amount, the Class B Certificateholders (and, absent payments under the Policy, perhaps the Class G Certificateholders) will receive a smaller amount of principal distributions than anticipated and would not have any claim for the shortfall against Continental, any Liquidity Provider, any Trustee or, in the case of the Class B Certificateholders, the Policy Provider.

Any amount, other than Scheduled Payments received on a Regular Distribution Date or within five days thereafter, distributed to the Trustee of any Trust by the Subordination Agent on account of any Equipment Note or Collateral under (and as defined in) the Indenture held in such Trust following an Indenture Default will be deposited in the

Special Payments Account for such Trust and will be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02; Trust Supplements, Section 4.03(a))

Any funds representing payments received with respect to any defaulted Equipment Note, or the proceeds from the sale of any Equipment Note, held by the Trustee in the Special Payments Account for such Trust will, to the extent practicable, be invested and reinvested by such Trustee in certain permitted investments pending the distribution of such funds on a Special Distribution Date. (Section 4.04) Such permitted investments are defined as

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obligations of the United States or agencies or instrumentalities thereof for the payment of which the full faith and credit of the United States is pledged and which mature in not more than 60 days after the date of acquisition thereof or such lesser time as is required for the distribution of any such funds on a Special Distribution Date. (Section 1.01)

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

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

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

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

Purchase Rights of Certificateholders

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

The Class B Certificateholders will have the right to purchase all of the Class G Certificates. Following any such purchase, the purchasing Class B Certificateholders will have the right to surrender the Policy for cancellation (thereby releasing the Policy Provider from its obligations under the Policy), to pay to the Policy Provider all outstanding Policy Provider Amounts (other than any amount referred to in clause (c) of the

definition of Excess Reimbursement Obligations) and to pay to the Primary Liquidity Provider all outstanding Liquidity Obligations, and upon such surrender and payments the Primary Liquidity Facility will be terminated. After any such surrender and payments, the Class G Certificates will no longer be entitled to the benefits of the Policy or the Primary Liquidity Facility.

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Whether or not the Class B Certificateholders have purchased or elected to purchase the Class G Certificates, the Policy Provider shall have the right to purchase all of the Class G Certificates if it is the Controlling Party and no Policy Provider Default is continuing and 120 days have elapsed since the occurrence of a Triggering Event that is continuing, unless the Policy has been surrendered as described in the preceding item or the Class G Certificateholders elect to surrender the Policy for cancellation (thereby releasing the Policy Provider from its obligations thereunder), to pay to the Policy Provider all outstanding Policy Provider Amounts (other than any amount referred to in clause (c) of the definition of Excess Reimbursement Obligations) and to pay to the Primary Liquidity Provider all outstanding Liquidity Obligations. The Class G Certificateholders electing to surrender the Policy and make such payments may do so only upon the purchase of the Class G Certificates of any Class G Certificateholders that do not elect to surrender the Policy and make such payments. After any such surrender and payments, the Class G Certificates will no longer be entitled to the benefits of the Policy or the Primary Liquidity Facility.

In each case, the purchase price of the Class G Certificates will be equal to the Pool Balance of the Class G Certificates plus accrued and unpaid interest thereon to the date of purchase, without premium, but including any other amounts then due and payable in respect of the Class G Certificates. Such purchase right may be exercised by any Certificateholder of the Class entitled to such right. In each case, if prior to the end of the ten-day notice period, any other Certificateholder of the same Class notifies the purchasing Certificateholder that the other Certificateholder wants to participate in such purchase, then such other Certificateholder may join with the purchasing Certificateholder to purchase the Certificates pro rata based on the interest in the Trust held by each Certificateholder. If Continental or any of its Affiliates is a Certificateholder, it will not have the purchase rights described above. By their acceptance of the Class G Certificates, the Class G Certificateholders will be deemed to agree that the surrender of the Policy to the Policy Provider as contemplated in the preceding two subparagraphs will (x) constitute an acknowledgement that the Class G Certificates will no longer be entitled to the benefits of the provisions of the Intercreditor Agreement that relate to the Policy and (y) without any further action by the Class G Certificateholders, have the immediate effect of releasing the Policy Provider from its obligations under the Policy. (Trust Supplements, Section 5.01)

Triggering Event means (x) the occurrence of an Indenture Default resulting in a PTC Event of Default with respect to the most senior Class of Certificates then outstanding, (y) the acceleration of all of the outstanding Equipment Notes or (z) certain bankruptcy or insolvency events involving Continental.

PTC Event of Default

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

The outstanding Pool Balance of the applicable Class of Certificates within ten Business Days of the Final Maturity Date (unless, in the case of the Class G Certificates, the Subordination Agent shall have made a drawing under the Policy in an aggregate amount sufficient to pay such outstanding Pool Balance and shall have distributed such amount to the Class G Trustee).

Interest due on such Class of Certificates within ten Business Days of any Distribution Date (unless, in the case of the Class G Certificates, the Subordination Agent shall have made Interest Drawings, withdrawals from the Cash Collateral Account, withdrawals from the Above-Cap Account or drawings under the Policy with respect thereto in an aggregate amount sufficient to pay such interest and shall have distributed such amount to the Class G Trustee). (Intercreditor Agreement, Section 1.1)

Any failure to make principal distributions with respect to a Class of Certificates on any Regular Distribution Date (other than the Final Maturity Date) will not constitute a PTC Event of Default with respect to such Certificates. A PTC Event of Default with respect to the most senior outstanding Class of Certificates resulting from an Indenture Default will constitute a Triggering Event.

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Merger, Consolidation and Transfer of Assets

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

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

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

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

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

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

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

Modifications of the Pass Through Trust Agreements and Certain Other Agreements

Each Pass Through Trust Agreement contains provisions permitting, at the request of the Company, the execution of amendments or supplements to such Pass Through Trust Agreement or, if applicable, to the Intercreditor Agreement or, in the case of the Class G Trust, the Liquidity Facilities, the Policy or the Policy Provider Agreement, without the consent of the holders of any of the Certificates of such Trust:

To evidence the succession of another corporation to Continental and the assumption by such corporation of Continental's obligations under such Pass Through Trust Agreement, or, in the case of the Class G Trust, the Policy or the Policy Provider Agreement.

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

To correct or supplement any provision of such Pass Through Trust Agreement, the Intercreditor Agreement or, in the case of the Class G Trust, the Liquidity Facilities, the Policy or the Policy Provider Agreement which may be defective or inconsistent with any other provision in such Pass Through Trust Agreement, the

Intercreditor Agreement, the Liquidity Facilities, the Policy or the Policy Provider Agreement, as applicable, or to cure any ambiguity or to modify any other provision with respect to matters or questions arising under such Pass Through Trust Agreement, the Intercreditor Agreement, the Liquidity Facilities, the Policy or the Policy Provider Agreement, *provided* that such action shall not materially adversely affect the interests of the holders of such Certificates; to correct any mistake in such Pass Through Trust Agreement, the Intercreditor Agreement or, in the case of the Class G Trust, the Liquidity Facilities, the Policy or the Policy Provider Agreement; or, as provided in the Intercreditor Agreement, to give effect to or provide for a Replacement Facility.

To comply with any requirements of the Commission, any applicable law, rule or regulation of any exchange or quotation system on which the Certificates are listed, or of any regulatory body.

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

To evidence and provide for the acceptance of appointment under such Pass Through Trust Agreement, the Intercreditor Agreement or, in the case of the Class G Trust, the Liquidity Facilities, the Policy or the Policy Provider Agreement by a successor Trustee and to add to or change any of the provisions of such Pass Through Trust Agreement, the Intercreditor Agreement or, in the case of the Class G Trust, the Liquidity Facilities, the Policy or the Policy Provider Agreement as shall be necessary to provide for or facilitate the administration of the Trusts under the Basic Agreement by more than one Trustee.

In each case, such modification or supplement may not adversely affect the status of the Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Internal Revenue Code of 1986, as amended (the Code), for U.S. federal income tax purposes. (Section 9.01; Trust Supplements, Section 7.03)

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

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

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

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

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

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

Adversely affect the status of any Trust as a grantor trust under Subpart E, Part I of Subchapter J of Chapter 1 of Subtitle A of the Code for U.S. federal income tax purposes. (Section 9.02; Trust Supplements, Section 7.07)

In the event that a Trustee, as holder (or beneficial owner through the Subordination Agent) of any Equipment Note in trust for the benefit of the Certificateholders of the relevant Trust or as Controlling Party under the Intercreditor Agreement, receives (directly or indirectly through the Subordination Agent) a request for a consent to

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any amendment, modification, waiver or supplement under the Note Purchase Agreement, the Indenture, any Equipment Note or any other related document, such Trustee shall forthwith send a notice of such proposed amendment, modification, waiver or supplement to each Certificateholder of the relevant Trust as of the date of such notice. Such Trustee shall request from the Certificateholders a direction as to:

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

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

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

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

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

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

For purposes of the immediately preceding paragraph, a Certificate shall have been actually voted if the Certificateholder has delivered to the applicable Trustee an instrument evidencing such Certificateholder's consent to such direction prior to one Business Day before such Trustee directs such action or casts such vote or gives such consent.

Notwithstanding the foregoing, but subject to certain rights of the Certificateholders under the relevant Pass Through Trust Agreement and subject to the Intercreditor Agreement, a Trustee may, in its own discretion and at its own direction, consent and notify the Mortgagee of such consent (or direct the Subordination Agent to consent and notify the Mortgagee of such consent) to any amendment, modification, waiver or supplement under the Note Purchase Agreement, the Indenture, any relevant Equipment Note or any other related document, if an Indenture Default shall have occurred and be continuing, or if such amendment, modification, waiver or supplement will not materially adversely affect the interests of the Certificateholders. (Section 10.01; Trust Supplements, Section 7.06)

Termination of the Trusts

The obligations of Continental and the applicable Trustee with respect to a Trust will terminate upon the distribution to Certificateholders of such Trust of all amounts required to be distributed to them pursuant to the applicable Pass Through Trust Agreement and the disposition of all property held in such Trust. The applicable Trustee will send to each Certificateholder of such Trust notice of the termination of such Trust, the amount of the proposed final payment and the proposed date for the distribution of such final payment for such Trust. The final distribution to any

Certificateholder of such Trust will be made only upon surrender of such Certificateholder's Certificates at the office or agency of the applicable Trustee specified in such notice of termination. (Section 11.01)

Governing Law

The Pass Through Trust Agreements and the Certificates will be governed by the laws of the State of New York. (Section 12.05)

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The Trustees

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

Delivery and Form

Book Entry for Class G Certificates

Upon issuance, the Class G Certificates will be represented by one or more fully registered global certificates. Each global certificate will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co. (Cede), the nominee of DTC. DTC was created to hold securities for its participants (DTC Participants) and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book-entry changes in accounts of the DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. Indirect access to the DTC system is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly (Indirect DTC Participants). Interests in a global certificate may also be held through the Euroclear System and Clearstream, Luxembourg.

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

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

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

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

a federal reserve bank; or

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

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

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

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Certificate Owners will receive all distributions of principal, premium, if any, and interest from the Class G Trustee through DTC Participants or Indirect DTC Participants, as the case may be.

Under a book-entry format, Class G Certificate Owners may experience some delay in their receipt of payments, because payments with respect to the Class G Certificates will be forwarded by the Class G Trustee to Cede, as nominee for DTC. DTC will forward payments in same-day funds to each DTC Participant who is credited with ownership of the Class G Certificates in an amount proportionate to the principal amount of that DTC Participant's holdings of beneficial interests in the Class G Certificates, as shown on the records of DTC or its nominee. Each such DTC Participant will forward payments to its Indirect DTC Participants in accordance with standing instructions and customary industry practices. DTC Participants and Indirect DTC Participants will be responsible for forwarding distributions to Class G Certificate Owners for whom they act. Accordingly, although Class G Certificate Owners will not possess physical Class G Certificates, DTC's rules provide a mechanism by which Class G Certificate Owners will receive payments on the Class G Certificates and will be able to transfer their interests.