

CONTINENTAL AIRLINES INC /DE/
Form S-3ASR
April 27, 2012
Table of Contents

As filed with the Securities and Exchange Commission on April 27, 2012

Registration No. 333-

U.S. SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

United Continental Holdings, Inc.
(Exact name of registrant issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

36-2675207
(I.R.S. Employer Identification Number)

77 W. Wacker Drive

Chicago, Illinois 60601

United Air Lines, Inc.
(Exact name of registrant issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

36-2675206
(I.R.S. Employer Identification Number)

77 W. Wacker Drive

Chicago, Illinois 60601

Continental Airlines, Inc.
(Exact name of registrant issuer as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

74-2099724
(I.R.S. Employer Identification Number)

1600 Smith Street

Houston, Texas 77002 713-324-2950

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form S-3ASR

(312) 997-8000

(312) 997-8000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Brett J. Hart

Executive Vice President, General Counsel and Secretary

United Continental Holdings, Inc.

77 W. Wacker Drive

Chicago, Illinois 60601

(312) 997-8000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

John K. Hoyns

Hughes Hubbard & Reed LLP

One Battery Park Plaza

New York, New York 10004

(212) 837-6000

Approximate date of commencement of proposed sale to the public: From time to time after this registration statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box:

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering:

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box:

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form S-3ASR

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box:

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

United Continental Holdings, Inc.	Large Accelerated Filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-Accelerated Filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
United Air Lines, Inc.	Large Accelerated Filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Continental Airlines, Inc.	Large Accelerated Filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>	Non-Accelerated Filer	<input checked="" type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Table of Contents**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to Be Registered	Amount to Be Registered/ Proposed Maximum Offering Price per Unit/ Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (1)
Common Stock of United Continental Holdings, Inc., \$0.01 par value		
Debt Securities of United Continental Holdings, Inc.		
Depository Shares of United Continental Holdings, Inc. (2)		
Guarantees of United Continental Holdings, Inc. (3)		
Preferred Stock of United Continental Holdings, Inc.		
Stock Purchase Contracts of United Continental Holdings, Inc.		
Stock Purchase Units of United Continental Holdings, Inc.		
Subscription Rights of United Continental Holdings, Inc. (4)		
Warrants of United Continental Holdings, Inc.		
Debt Securities of United Air Lines, Inc.		
Guarantees of United Air Lines, Inc. (3)		
Pass Through Certificates of United Air Lines, Inc.		
Debt Securities of Continental Airlines, Inc.		
Guarantees of Continental Airlines, Inc. (3)		
Pass Through Certificates of Continental Airlines, Inc.		

- (1) An unspecified aggregate initial offering price and number or amount of the securities of each identified class is being registered as may from time to time be offered at unspecified prices. Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by depository shares. In accordance with Rules 456(b) and 457(r) under the Securities Act of 1933, as amended, the registrant is deferring payment of all of the registration fee. Securities registered hereunder may be sold either separately or as units comprising more than one type of security registered hereunder.
- (2) The depository shares registered hereunder will be evidenced by depository receipts issued pursuant to a deposit agreement. If the registrant elects to offer to the public fractional interests in shares of Preferred Stock, then depository receipts will be distributed to those persons purchasing the fractional interests and the shares will be issued to the depository under the deposit agreement.
- (3) Pursuant to Rule 457(n) under the Securities Act of 1933, as amended, no additional registration fee is required with respect to the guarantees.
- (4) Rights evidencing the right to purchase Common Stock, Preferred Stock, depository shares or warrants.

Table of Contents

PROSPECTUS

United Continental Holdings, Inc.

Common Stock

Debt Securities

Depositary Shares

Guarantees of Debt Securities

Preferred Stock

Stock Purchase Contracts

Stock Purchase Units

Subscription Rights

Warrants

United Air Lines, Inc.

Debt Securities

Guarantees of Debt Securities

Continental Airlines, Inc.

Debt Securities

Guarantees of Debt Securities

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form S-3ASR

The securities covered by this prospectus may be sold by United Continental Holdings, Inc. and its wholly-owned subsidiaries United Air Lines, Inc. and Continental Airlines, Inc., from time to time, together or separately. In addition, selling security holders who may be named in a prospectus supplement may offer and sell from time to time securities in such amounts as set forth in such prospectus supplement. We may, and any selling security holder may, offer the securities independently or together in any combination for sale directly to purchasers or through underwriters, dealers or agents to be designated at a future date. Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds from the sale of securities by any selling security holders.

We will describe the specific terms of any offering of securities in a prospectus supplement to this prospectus. You should carefully read this prospectus and the applicable prospectus supplement, together with the documents we incorporate by reference, before you decide to invest in any of these securities.

This prospectus may not be used to offer or sell any securities unless accompanied by a prospectus supplement.

The Common Stock of United Continental Holdings, Inc. is traded on the New York Stock Exchange under the symbol UAL.

Investing in our securities involves risks. See Risk Factors beginning on page 2 of this prospectus.

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

The date of this prospectus is April 27, 2012.

Table of Contents**TABLE OF CONTENTS**

<u>About This Prospectus</u>	1
<u>Risk Factors</u>	2
<u>Cautionary Statement Concerning Forward-Looking Statements</u>	2
<u>The Company</u>	4
<u>Selling Security Holders</u>	4
<u>Use of Proceeds</u>	4
<u>Ratio of Earnings to Fixed Charges and Ratio of Earnings to Fixed Charges and Preferred Stock Dividend Requirements</u>	5
<u>Description of UAL Capital Stock</u>	7
<u>Description of Debt Securities And Guarantees</u>	12
<u>Description of Depositary Shares</u>	22
<u>Description of Stock Purchase Contracts And Stock Purchase Units</u>	25
<u>Description of Subscription Rights</u>	26
<u>Description of Warrants</u>	28
<u>Plan of Distribution</u>	29
<u>Where You Can Find More Information</u>	31
<u>Incorporation Of Certain Documents By Reference</u>	31
<u>Legal Matters</u>	33
<u>Experts</u>	33

ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission (the "SEC") using the shelf registration process. Under the shelf registration process, we, or certain of our security holders, may sell the securities described in this prospectus in one or more offerings from time to time. This prospectus provides you with a general description of the securities that we or a selling security holder may offer. Each time we, or, under certain circumstances, our security holders, sell securities, we will provide a prospectus supplement that will contain specific information about the terms of that offering.

This prospectus contains summaries of certain provisions contained in some of the documents described herein. Please refer to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of the documents referred to herein have been filed, or will be filed or incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under "Where You Can Find More Information."

In this prospectus, unless the context otherwise requires, the terms "we," "our," "us" and the "Company" refer to United Continental Holdings, Inc. and its subsidiaries, including United Air Lines, Inc. and Continental Airlines, Inc.

You should rely only on the information contained in this prospectus or in a prospectus supplement accompanying this prospectus or on the information incorporated by reference therein. We have not authorized anyone to provide you with different information. The distribution of this prospectus and sale of these securities in certain jurisdictions may be restricted by law. Persons in possession of this prospectus are required to inform themselves about and observe any such restrictions. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

Table of Contents

RISK FACTORS

An investment in our securities involves risk. Before you invest in securities issued by us, you should carefully consider the risks involved. Accordingly, you should carefully consider:

the information contained in or incorporated by reference into this prospectus;

the information contained in or incorporated by reference into any prospectus supplement relating to specific offerings of securities;

the risks described in the Annual Report on Form 10-K of United Continental Holdings, Inc., United Air Lines, Inc. and Continental Airlines, Inc. for our most recent fiscal year and in any Quarterly Report on Form 10-Q which we have filed since our most recent Annual Report on Form 10-K, each of which is incorporated by reference into this prospectus; and

other risks and other information that may be contained in, or incorporated by reference from, other filings we make with the SEC, including in any prospectus supplement relating to specific offerings of securities.

The discussion of risks related to our business contained in or incorporated by reference into this prospectus or into any prospectus supplement comprises material risks of which we are aware. If any of the events or developments described actually occurs, our business, financial condition or results of operations would likely suffer.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements contained in or incorporated by reference in this prospectus or any prospectus supplement delivered with this prospectus are forward-looking and thus reflect our current expectations and beliefs with respect to certain current and future events and financial performance. Such forward-looking statements are and will be subject to many risks and uncertainties relating to our operations, financial condition and business environment that may cause actual results to differ materially from any future results expressed or implied in such forward-looking statements. Words such as expects, will, plans, anticipates, indicates, believes, forecast, guidance, outlook and similar expressions are used to identify forward-looking statements.

Additionally, forward-looking statements include statements which do not relate solely to historical facts, such as statements which identify uncertainties or trends, discuss the possible future effects of current known trends or uncertainties or which indicate that the future effects of known trends or uncertainties cannot be predicted, guaranteed or assured. All forward-looking statements contained in or incorporated by reference in this prospectus or any prospectus supplement delivered with this prospectus are based upon information available to us on the date such statements are made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise, except as required by applicable law.

Our actual results could differ materially from these forward-looking statements due to numerous factors including, without limitation, the following: our ability to comply with the terms of our various financing arrangements; the costs and availability of financing; our ability to maintain adequate liquidity; our ability to execute our operational plans; our ability to control our costs, including realizing benefits from our resource optimization efforts, cost reduction initiatives and fleet replacement programs; our ability to utilize our net operating losses; our ability to attract and retain customers; demand for transportation in the markets in which we operate; an outbreak of a disease that affects travel demand or travel behavior; demand for travel and the impact that global economic conditions have on customer travel patterns; excessive taxation and the inability to offset future taxable income; general economic conditions (including interest rates, foreign currency exchange rates,

Table of Contents

investment or credit market conditions, crude oil prices, costs of aircraft fuel and energy refining capacity in relevant markets); our ability to cost-effectively hedge against increases in the price of aircraft fuel; any potential realized or unrealized gains or losses related to fuel or currency hedging programs; the effects of any hostilities, act of war or terrorist attack; the ability of other air carriers with whom we have alliances or partnerships to provide the services contemplated by the respective arrangements with such carriers; the costs and availability of aviation and other insurance; the costs associated with security measures and practices; industry consolidation or changes in airline alliances; competitive pressures on pricing and demand; our capacity decisions and the capacity decisions of our competitors; U.S. or foreign governmental legislation, regulation and other actions (including open skies agreements and environmental regulations); labor costs; our ability to maintain satisfactory labor relations and the results of the collective bargaining agreement process with our union groups; any disruptions to operations due to any potential actions by our labor groups; weather conditions; the possibility that expected synergies relating to the Merger described under "The Company" in this prospectus will not be realized or will not be realized within the expected time period; and other risks and uncertainties, including those stated in the SEC reports incorporated by reference in this prospectus or any prospectus supplement delivered with this prospectus or as stated in any such prospectus supplement under "Risk Factors". Consequently, the forward-looking statements should not be regarded as representations or warranties by us that such matters will be realized.

Table of Contents

THE COMPANY

United Continental Holdings, Inc. (UAL) is a holding company, and its principal subsidiaries are United Air Lines, Inc. (United) and Continental Airlines, Inc. (Continental). United and Continental are commercial airlines operating a single passenger service system under the United name. We expect that United and Continental will be combined as a single legal entity subsequent to the date of this prospectus.

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

Each of UAL, United and Continental is a Delaware corporation. The principal executive offices of UAL and United are located at 77 W. Wacker Drive, Chicago, Illinois 60601, telephone (312) 997-8000. The principal executive offices of Continental are located at 1600 Smith Street, Houston, Texas 77002, telephone (713) 324-2950.

UAL's website is www.unitedcontinentalholdings.com, and United's and Continental's website is www.united.com. The information contained on or connected to these websites is not incorporated by reference into this prospectus and should not be considered part of this prospectus.

SELLING SECURITY HOLDERS

We may register securities covered by this prospectus for re-offers and resales by any selling security holders who may be named in a prospectus supplement. Because each of UAL, United and Continental is a well-known seasoned issuer, as defined in Rule 405 under the Securities Act of 1933, as amended (the Securities Act), we may add secondary sales of securities by any selling security holders by filing a prospectus supplement with the SEC. We may register these securities to permit selling security holders to resell their securities when they deem appropriate. A selling security holder may resell all, a portion or none of their securities at any time and from time to time. We may register those securities for sale through an underwriter or other plan of distribution as set forth in a prospectus supplement. See Plan of Distribution. Selling security holders may also sell, transfer or otherwise dispose of some or all of their securities in transactions exempt from the registration requirements of the Securities Act. We may pay all expenses incurred with respect to the registration of the securities owned by the selling security holders, other than underwriting fees, discounts or commissions, which will be borne by the selling security holders. We will provide you with a prospectus supplement naming the selling security holders, the amount of securities to be registered and sold and any other terms of the securities being sold by a selling security holder.

USE OF PROCEEDS

Unless otherwise indicated in an accompanying prospectus supplement, we intend to use the net proceeds from the sale of our securities for general corporate purposes, which may include possible future repayments of indebtedness, the funding of a portion of our pension liabilities, and our working capital requirements. Unless otherwise set forth in a prospectus supplement, we will not receive any proceeds from any sales of our securities by any selling security holder who may be named in a prospectus supplement.

Table of Contents

**RATIO OF EARNINGS TO FIXED CHARGES AND RATIO OF EARNINGS TO FIXED CHARGES AND
PREFERRED STOCK DIVIDEND REQUIREMENTS**

The following table sets forth UAL's consolidated ratio of earnings to fixed charges and UAL's consolidated ratio of earnings to fixed charges and preferred stock dividend requirements for the periods indicated (1):

	Three Months Ended March 31, 2012	2011	Year Ended December 31,			2007
	(a)		2010	2009	2008	
Ratio of earnings to fixed charges	(a)	1.40	1.19	(b)	(c)	1.67
Ratio of earnings to fixed charges and preferred stock dividend requirements	N/A	N/A	N/A	N/A	(c)	1.64

(a) Earnings were inadequate to cover fixed charges requirements by \$454 million for the three months ended March 31, 2012.

(b) Earnings were inadequate to cover fixed charges requirements by \$677 million for the year ended December 31, 2009.

(c) Earnings were inadequate to cover both fixed charges requirements and fixed charges and preferred stock dividend requirements by \$5.4 billion for the year ended December 31, 2008.

N/A Not applicable, as there were no preferred stock dividends in this period.

The following table sets forth United's consolidated ratio of earnings to fixed charges and United's consolidated ratio of earnings to fixed charges and preferred stock dividend requirements for the periods indicated (1):

	Three Months Ended March 31, 2012	2011	Year Ended December 31,			2007
	(d)		2010	2009	2008	
Ratio of earnings to fixed charges	(d)	1.31	1.38	(e)	(f)	1.67
Ratio of earnings to fixed charges and preferred stock dividend requirements	N/A	N/A	N/A	N/A	(f)	1.64

(d) Earnings were inadequate to cover fixed charges requirements by \$423 million for the three months ended March 31, 2012.

(e) Earnings were inadequate to cover fixed charges requirements by \$653 million for the year ended December 31, 2009.

(f) Earnings were inadequate to cover both fixed charges and fixed charges and preferred stock dividend requirements by \$5.4 billion for the year ended December 31, 2008.

N/A Not applicable, as there were no preferred stock dividends in this period.

The following table contains Continental's consolidated ratio of earnings to fixed charges for the periods indicated (2):

	Continental Successor			Continental Predecessor			
	Three Months Ended March 31, 2012	Year Ended December 31, 2011	Three Months Ended December 31, 2010	Nine Months Ended September 30, 2010	Year Ended December 31, 2009	2008	2007
Ratio of earnings to fixed charges	(g)	1.49	(g)	1.47	(g)	(g)	1.42

(g) Earnings were inadequate to cover fixed charges requirement by \$14 million and \$103 million for the three months ended March 31, 2012 and December 31, 2010, respectively, and by \$436 million and \$702 million for the years ended December 31, 2009 and 2008, respectively.

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form S-3ASR

- (1) For purposes of calculating this ratio, earnings consist of income before income taxes and cumulative effect of changes in accounting principles adjusted for distributed earnings of affiliates in which UAL/United 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.

Table of Contents

Fixed charges consist of interest expense, the portion of rental expense representative of interest expense, the amount amortized for debt discount, premium and issuance expense and interest previously capitalized.

- (2) For purposes of calculating this ratio, earnings consist of income before income taxes and cumulative effect of changes in accounting principles adjusted for undistributed income of companies in which Continental has a minority equity interest plus interest expense (net of capitalized interest), the portion of rental expense representative of interest expense and amortization of previously capitalized interest. Fixed charges consist of interest expense, the portion of rental expense representative of interest expense, the amount amortized for debt discount, premium and issuance expense and interest previously capitalized.

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

Table of Contents

DESCRIPTION OF UAL CAPITAL STOCK

The following description of UAL's capital stock includes a summary of certain provisions of UAL's restated certificate of incorporation and amended and restated bylaws. The following description of the terms of the Preferred Stock UAL may issue sets forth certain general terms and provisions of any series of Preferred Stock to which any prospectus supplement may relate. Particular terms of the Preferred Stock offered by any prospectus supplement and the extent, if any, to which these general terms and provisions shall apply to any series of Preferred Stock so offered will be described in the prospectus supplement relating to the applicable Preferred Stock. The applicable prospectus supplement may also state that any of the terms set forth in this description are inapplicable to such series of Preferred Stock. This description of UAL's capital stock does not purport to be complete and is subject to and qualified in its entirety by reference to applicable Delaware law and the provisions of UAL's restated certificate of incorporation and any applicable certificates of designations, which have been or will be filed with the SEC.

General

UAL is authorized to issue up to 1,000,000,000 shares of Common Stock, par value \$0.01 per share. UAL is also authorized to issue 250,000,000 shares of Preferred Stock, without par value (Serial Preferred Stock), one share of Class Pilot MEC Junior Preferred Stock, par value \$0.01 per share, and one share of Class IAM Junior Preferred Stock, par value \$0.01 per share.

Common Stock

Dividends

The holders of UAL Common Stock will be entitled to receive dividends, if and when declared payable, from time to time by the UAL board of directors (the Board).

Liquidation

Upon any liquidation, dissolution or winding up of UAL, after all securities ranking prior to the Common Stock, including any shares of UAL's Serial Preferred Stock, Class Pilot MEC Junior Preferred Stock and Class IAM Junior Preferred Stock, have been paid in full that to which they are entitled, the holders of the then outstanding Common Stock will be entitled to receive, pro rata, the remaining assets of UAL available for distribution to its stockholders.

Voting Rights

Each outstanding share of Common Stock of UAL will entitle the holder thereof to one vote on each matter submitted to a vote at a meeting of stockholders. At meetings of stockholders, holders of UAL's Common Stock vote together as a single class with holders of UAL's Class Pilot MEC Junior Preferred Stock and Class IAM Junior Preferred Stock on all matters except the election of directors to the Board. The affirmative vote of holders of shares of UAL's capital stock representing a plurality of the votes cast on the matter will be required to elect the directors of the Board to be elected by the applicable class of capital stock. The affirmative vote of holders of shares of UAL's capital stock representing a majority of the votes present in person or by proxy at the meeting and entitled to be cast on the matter will be required to approve any other matters.

Other

UAL Common Stock is not convertible into, or exchangeable for, any other class or series of capital stock. Holders of Common Stock have no preemptive or other rights to subscribe for or purchase additional securities of UAL. UAL's restated certificate of incorporation contains no sinking fund provisions or redemption provisions with respect to the Common Stock. Shares of Common Stock are not subject to calls or assessments.

Table of Contents

No personal liability will attach to holders under the laws of the State of Delaware (UAL's state of incorporation) or of the State of Illinois (the state in which UAL's principal place of business is located). There is no classification of the Board.

UAL Common Stock is subject to certain limitations on ownership and transfer. See Certain Limitations on Ownership and Transfer and Anti-Takeover Provisions in UAL's Restated Certificate of Incorporation and Amended and Restated Bylaws applicable to all UAL Capital Stock below.

Serial Preferred Stock

Serial Preferred Stock may be issued independently or together with any other securities and may be attached to or separate from the securities.

Pursuant to Delaware law and UAL's restated certificate of incorporation, the Board by resolution, and without the approval of stockholders, may establish one or more series of Serial Preferred Stock, fix the number of shares constituting such series and fix the designations and the powers, preferences and relative, participating, optional or other special rights, if any, and the qualifications, limitations and restrictions thereof, of such series. Such rights, preferences, powers and limitations as may be established could have the effect of discouraging an attempt to obtain control of UAL.

If the Board approves the issuance of a series of Serial Preferred Stock to be offered hereunder, a description will be filed with the SEC and the terms of such series will be described in the prospectus supplement with respect to such series, including the following terms:

The number of shares constituting such series and the distinctive designation of the series;

The dividend rate on the shares of the series, the conditions and dates upon which dividends thereon shall be payable, the extent, if any, to which dividends thereon shall be cumulative, and the relative rights of preference, if any, of payment of dividends thereon;

Whether or not the shares of the series are redeemable and, if redeemable, the time or times during which they shall be redeemable and the amount per share payable on redemption thereof, which amount may, but need not, vary according to the time and circumstances of such redemption;

The amount payable in respect of the shares of the series, in the event of any liquidation, dissolution or winding up of UAL, which amount may, but need not, vary according to the time or circumstances of such action, and the relative rights of preference, if any, of payment of such amount;

Any requirement as to a sinking fund for the shares of the series, or any requirement as to the redemption, purchase or other retirement by UAL of the shares of the series;

The right, if any, to exchange or convert shares of the series into other securities or property, and the rate or basis, time, manner and condition of exchange or conversion;

The voting rights, if any, to which the holders of shares of the series shall be entitled in addition to the voting rights provided by law; and

Any other term, condition or provision with respect to the series not inconsistent with the provisions of Article Fourth, Part I of UAL's restated certificate of incorporation or any resolution adopted by the Board pursuant thereto.

Class Pilot MEC Junior Preferred Stock

Edgar Filing: CONTINENTAL AIRLINES INC /DE/ - Form S-3ASR

UAL currently has one share of Class Pilot MEC Junior Preferred Stock outstanding, which may be held only by the United Airlines Pilots Master Executive Council (the MEC) of the Air Line Pilots Association, International (ALPA) or a duly authorized agent acting for the benefit of MEC and may only be transferred in certain limited circumstances specified in UAL s restated certificate of incorporation.

Table of Contents

Dividends

The holder of the Class Pilot MEC Junior Preferred Stock is not entitled to receive dividends or other distributions, except as described under *Liquidation* below.

Liquidation

Upon any liquidation, dissolution or winding up of UAL, after all securities ranking prior to the Class Pilot MEC Junior Preferred Stock, including any shares of UAL's Serial Preferred Stock, have been paid in full that to which they are entitled, the holder of the Class Pilot MEC Junior Preferred Stock will be entitled to receive \$0.01 for the share of Class Pilot MEC Junior Preferred Stock, but such holder shall not be entitled to any further payment.

Voting Rights

The holder of the share of Class Pilot MEC Junior Preferred Stock has the following voting rights:

(a) So long as any persons represented by ALPA employed by UAL or any of its affiliates or until the collective bargaining agreement between UAL or any of its affiliates and ALPA has been amended so that such agreement no longer provides that ALPA has the right to appoint a director to the Board, the holder of the share of Class Pilot MEC Junior Preferred Stock shall have the right (i) voting as a separate class, to elect one director to the Board at each annual meeting of stockholders for a term of office to expire at the succeeding annual meeting of stockholders, and (ii) voting together as a single class with the holders of Common Stock of UAL and the holders of such other classes or series of stock that vote together with the Common Stock of UAL as a single class, to vote on all matters submitted to a vote of the holders of Common Stock of UAL (other than the election of directors), except as otherwise required by law.

(b) The affirmative vote of the holder of the share of Class Pilot MEC Junior Preferred Stock, voting as a separate class, is necessary to authorize, effect or validate any amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of UAL's restated certificate of incorporation that would adversely affect the powers, preferences or special rights of the Class Pilot MEC Junior Preferred Stock.

Ranking

The Class Pilot MEC Junior Preferred Stock is deemed to rank senior to the Common Stock of UAL as to amounts distributable upon liquidation, dissolution or winding up of UAL.

Class IAM Junior Preferred Stock

UAL currently has one share of Class IAM Junior Preferred Stock outstanding, which may be held only by the International Association of Machinists and Aerospace Workers (the IAM) or a duly authorized agent acting for the benefit of the IAM and may only be transferred in certain limited circumstances specified in UAL's restated certificate of incorporation.

Dividends

The holder of the Class IAM Junior Preferred Stock is not entitled to receive dividends or other distributions, except as described under *Liquidation* below.

Liquidation

Upon any liquidation, dissolution or winding up of UAL, after all securities ranking prior to the Class IAM Junior Preferred Stock, including any shares of UAL's Serial Preferred Stock, have been paid in full that to

Table of Contents

which they are entitled, the holder of the Class IAM Junior Preferred Stock will be entitled to receive \$0.01 for the share of Class IAM Junior Preferred Stock, but such holder shall not be entitled to any further payment.

Voting Rights

The holder of the share of Class IAM Junior Preferred Stock has the following voting rights:

(a) So long as any persons represented by the IAM employed by UAL or any of its affiliates or until a certain letter agreement between UAL and the IAM no longer provides that the IAM has the right to appoint a director to the Board, the holder of the share of Class IAM Junior Preferred Stock shall have the right (i) voting as a separate class, to elect one director to the Board at each annual meeting of stockholders for a term of office to expire at the succeeding annual meeting of stockholders, and (ii) voting together as a single class with the holders of Common Stock of UAL and the holders of such other classes or series of stock that vote together with the Common Stock of UAL as a single class, to vote on all matters submitted to a vote of the holders of Common Stock of UAL (other than the election of directors), except as otherwise required by law.

(b) The affirmative vote of the holder of the share of Class IAM Junior Preferred Stock, voting as a separate class, is necessary to authorize, effect or validate any amendment, alteration or repeal (including any amendment, alteration or repeal by operation of merger or consolidation) of any of the provisions of UAL's restated certificate of incorporation that would adversely affect the powers, preferences or special rights of the Class IAM Junior Preferred Stock.

Ranking

The Class IAM Junior Preferred Stock is deemed to rank senior to the Common Stock of UAL as to amounts distributable upon liquidation, dissolution or winding up of UAL.

Certain Limitations on Ownership and Transfer and Anti-Takeover Provisions in UAL's Restated Certificate of Incorporation and Amended and Restated Bylaws applicable to all UAL Capital Stock

Five-percent Ownership Limitation

UAL's restated certificate of incorporation provides, subject to certain exceptions therein, that any attempted transfer of UAL's securities prior to the earliest of (A) February 1, 2014 or such later date as may be approved by the Board, (B) the repeal, amendment or modification of Section 382 of the Internal Revenue Code of 1986, as amended (Section 382), in such a way as to render the restrictions imposed by Section 382 no longer applicable to UAL, (C) the beginning of a taxable year of UAL in which no Tax Benefits (as defined in the restated certificate of incorporation) are available, and (D) the date on which the limitation amount imposed by Section 382 in the event of an ownership change of UAL, would not be materially less than the net operating loss carry forward or net unrealized built-in loss of UAL (the Restriction Release Date), or any attempted transfer of UAL's securities pursuant to an agreement entered into prior to the Restriction Release Date, will be prohibited and void ab initio so far as it purports to transfer ownership or rights in respect of such stock to the purported transferee (y) if the transferor is a five-percent shareholder or (z) to the extent that, as a result of such transfer either (1) any person or group of persons shall become a five-percent shareholder or (2) the percentage stock ownership interest in UAL of any five-percent shareholder shall be increased. The restated certificate of incorporation provides an exception to this limitation for securities issued pursuant to UAL's Second Amended Joint Plan of Reorganization dated January 20, 2006 or the Agreement and Plan of Merger relating to the Merger. The restated certificate of incorporation defines the term five-percent shareholder as a person or group of persons that is identified as a 5-percent shareholder of UAL pursuant to Treasury Regulation § 1.382-2T(g).

Foreign Ownership Limitation

UAL's restated certificate of incorporation limits the total number of shares of equity securities held by all persons who fail to qualify as citizens of the United States to having no more than 24.9% of the voting power of all outstanding equity securities of UAL.

Table of Contents

Undesignated Preferred Stock

The ability to authorize undesignated Preferred Stock makes it possible for the Board to issue Preferred Stock with super voting, dividend or other special rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire UAL. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers, or changes in control or management of UAL.

Requirements for Advance Notification of Stockholder Meetings, Nominations and Proposals

UAL's amended and restated bylaws provide that special meetings of the stockholders may be called only by (i) both the Chief Executive Officer and the Chairman of the Board or (ii) the Board, and prohibit the conduct of any business at a special meeting other than as specified in the notice for such meeting.

UAL's amended and restated bylaws establish advance notice procedures with respect to stockholder proposals for annual meetings and the nomination of candidates for election as directors to the Board, other than nominations by ALPA or the IAM or nominations made by or at the direction of the Board or a committee of the Board. In order for any matter to be properly brought before a meeting, a stockholder will have to comply with advance notice requirements and provide UAL with certain information. Additionally, vacancies and newly created directorships may be filled by a vote of a majority of the directors then in office, even though less than a quorum. UAL's amended and restated bylaws allow the Chief Executive Officer or Chairman, or his or her designee, to preside at a meeting to adopt rules and regulations for the conduct of meetings which may have the effect of precluding the conduct of certain business at a meeting if the rules and regulations are not followed. These provisions may also defer, delay or discourage a potential acquiror from conducting a solicitation of proxies to elect the acquiror's own slate of directors or otherwise attempting to obtain control of UAL.

Stockholder Action by Written Consent

Pursuant to Section 228 of the Delaware General Corporation Law (the "DGCL"), any action required to be taken at any annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares of stock entitled to vote thereon were present and voted, unless UAL's restated certificate of incorporation provides otherwise. UAL's restated certificate of incorporation provides that any action required or permitted to be taken by UAL stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by consent in writing by such stockholders.

Table of Contents

DESCRIPTION OF DEBT SECURITIES AND GUARANTEES

The following description of the terms of the debt securities sets forth certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of the debt securities offered by any prospectus supplement and the extent, if any, to which these general provisions may apply to those debt securities will be described in the prospectus supplement relating to those debt securities. Accordingly, for a description of the terms of a particular issue of debt securities, reference must be made to the prospectus supplement relating thereto and, to the extent applicable, the following description.

UAL, United or Continental may issue debt securities from time to time in one or more series. The debt securities will be general obligations of the applicable issuer. The debt securities issued by UAL, United or Continental may be fully and unconditionally guaranteed on a secured or unsecured senior or subordinated basis, jointly and severally, by one or both of the other of such companies. If any series of debt securities will be subordinated to other indebtedness that the applicable issuer has outstanding or may incur, the terms of the subordination will be set forth in the prospectus supplement relating to the subordinated debt securities. Debt securities will be issued under one or more indentures between one or more of us and one or more trustees named in the prospectus supplement. A copy of the expected form of indenture has been filed as an exhibit to the registration statement filed with the SEC. The following discussion of certain provisions of the indenture is a summary only and should not be considered a complete description of the terms and provisions of the indenture. Accordingly, the following discussion is qualified in its entirety by reference to the provisions of the indenture, including the definition of certain terms used below.

General

The debt securities will represent direct, unsecured, general obligations of UAL, United or Continental and:

may rank equally with other unsubordinated debt or may be subordinated to other debt the issuer has or may incur;

may be issued in one or more series with the same or various maturities;

may be issued at a price of 100% of their principal amount or at a premium or discount;

may be issued in registered or bearer form and certificated or uncertificated form; and

may be represented by one or more global notes registered in the name of a designated depository's nominee, and if so, beneficial interests in the global note will be shown on and transfers will be made only through records maintained by the designated depository and its participants.

The aggregate principal amount of debt securities that we may authenticate and deliver is unlimited. The debt securities may be issued in one or more series as the issuer may authorize from time to time. You should refer to the applicable prospectus supplement for the following terms of the debt securities of the series with respect to which that prospectus supplement is being delivered:

(1) the identity of the issuer of such debt securities;