

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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The Offering

Certificates Offered	Class G Certificates. Class B Certificates. Each Class of Certificates will represent a fractional undivided interest in the related Trust.
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 and Floating Rate Secured Subordinated Notes Due 2007, which are secured by the Collateral that will secure the Equipment Notes (or, if Continental has funded such redemption prior to receipt of such proceeds, to reimburse Continental for such funding). The proceeds in excess of the amount used with respect to the redemption of such outstanding notes will be used by Continental for general corporate purposes.
Subordination Agent, Trustees and Mortgagee	Wilmington Trust Company.
Primary Liquidity Provider	Morgan Stanley Bank.
Above-Cap Liquidity Provider	Morgan Stanley Capital Services Inc.
Policy Provider	Financial Guaranty Insurance Company.
Trust Property	The property of each Trust will include: An Equipment Note acquired by such Trust. 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 Trustee in accounts relating to such Trust.
Regular Distribution Dates	March 2, June 2, September 2 and December 2, commencing on September 2, 2006.
Final Expected Distribution Date	The entire principal amount of the Certificates is scheduled for payment on June 2, 2013.
Final Maturity Date for the Class G Certificates	June 2, 2015.

Record Dates

The fifteenth day preceding the related Distribution Date.

Distributions

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.

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.

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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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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.

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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.

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

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

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

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

Any Class G Certificates registered in the name of DTC or its nominee will trade in DTC's Same-Day Funds Settlement System until maturity. DTC will require secondary market trading activity in the Class G Certificates to

settle in immediately available funds. We cannot give any assurance as to the effect, if any, of settlement in same-day funds on trading activity in the Class G Certificates.

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Physical Certificates

The Class B Certificates will be issued only as physical Certificates in paper form. Physical Class G Certificates will be issued in paper form to Class G Certificateholders or their nominees, rather than to DTC or its nominee, only if:

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

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

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

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

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

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

Transfer Restrictions for Class B Certificates

The Class B Certificates will be subject to transfer restrictions. They may be sold or otherwise transferred only to qualified institutional buyers (QIBs), as defined in Rule 144A under the Securities Act of 1933, as amended, for so long as they are outstanding.

Each purchaser of Class B Certificates (other than the Underwriter), by such purchase, will be deemed to:

1. Represent that it is purchasing the Class B Certificates for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB.
2. Agree that any sale or other transfer by it of any Class B Certificate will only be made to a QIB.

3. Agree that it will deliver to each person to whom it transfers Class B Certificates notice of these restrictions on transfer of the Class B Certificates.
4. Agree that no registration of the transfer of a Class B Certificate will be made unless the transferee completes and submits to the Class B Trustee the form included on the reverse of the Class B Certificate in which it states that it is purchasing the Class B Certificate for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a QIB.

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5. Understand that the Class B Certificates will bear a legend substantially to the following effect:

THIS CERTIFICATE IS SUBJECT TO TRANSFER RESTRICTIONS. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT IT IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT); (2) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT); AND (3) AGREES THAT IF IT SHOULD RESELL OR OTHERWISE TRANSFER THIS CERTIFICATE IT WILL DELIVER TO EACH PERSON TO WHOM THIS CERTIFICATE IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS CERTIFICATE, THE TRANSFEREE MUST COMPLETE THE FORM ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT SUCH FORM TO THE PASS THROUGH TRUSTEE. THE PASS THROUGH TRUST AGREEMENT CONTAINS A PROVISION REQUIRING THE REGISTRAR TO REFUSE TO REGISTER ANY TRANSFER OF THIS CERTIFICATE IN VIOLATION OF THE FOREGOING RESTRICTIONS.

6. Acknowledge that Continental, the Class B Trustee, the Underwriter, and others will rely on the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agrees that, if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Class B Certificates is no longer accurate, it shall promptly notify Continental, the Class B Trustee and the Underwriter. If it is acquiring any Class B Certificates as a fiduciary or agent of one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.

7. Acknowledge that the foregoing restrictions apply to holders of beneficial interests in the Class B Certificates as well as to registered holders of Class B Certificates.

8. Acknowledge that the Class B Trustee will not be required to accept for registration of transfer any Class B Certificate unless evidence satisfactory to Continental and the Class B Trustee that the restrictions on transfer set forth herein have been complied with is submitted to them.

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DESCRIPTION OF THE LIQUIDITY FACILITIES FOR THE CLASS G CERTIFICATES

The following summary describes the material terms of the Liquidity Facilities for the Class G Certificates and certain provisions of the Intercreditor Agreement relating to the Liquidity Facilities. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Liquidity Facilities and the Intercreditor Agreement, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission. The term "Liquidity Facilities" refers to the Primary Liquidity Facility and the Above-Cap Liquidity Facility.

Primary Liquidity Facility

General

Morgan Stanley Bank (the "Primary Liquidity Provider") will enter into a revolving credit agreement (the "Primary Liquidity Facility") with the Subordination Agent with respect to the Class G Trust. There will be no primary liquidity facility with respect to the Class B Trust. On any Regular Distribution Date, if, after giving effect to the subordination provisions of the Intercreditor Agreement, the Subordination Agent does not have sufficient funds for the payment of interest on the Class G Certificates, the Primary Liquidity Provider will make an advance (an "Interest Drawing") in the amount needed to fund such interest shortfall up to the Maximum Available Commitment.

The maximum amount of Interest Drawings available under the Primary Liquidity Facility, together with the amounts in the Above-Cap Account (if any), are expected to provide an amount sufficient to pay interest on the Class G Certificates on up to eight consecutive quarterly Regular Distribution Dates at the Stated Interest Rate for the Class G Certificates (calculated without regard to expected future payments of principal and assuming that Continental will not cure any Payment Default). If interest payment defaults occur which exceed the amount covered by and available under the Primary Liquidity Facility and funds available in the Above-Cap Account, the Class G Certificateholders will bear their allocable share of the deficiencies to the extent that there are no other sources of funds. The initial Primary Liquidity Provider may be replaced by one or more other entities under certain circumstances.

Drawings

The aggregate amount available under the Primary Liquidity Facility at September 2, 2006, the first Regular Distribution Date after the Issuance Date, will be \$. Except as otherwise provided below, the Primary Liquidity Facility will enable the Subordination Agent to make Interest Drawings thereunder promptly on or after any Regular Distribution Date if, after giving effect to the subordination provisions of the Intercreditor Agreement, there are insufficient funds available to the Subordination Agent to pay interest on the Class G Certificates at the Stated Interest Rate for the Class G Certificates (calculated assuming that Continental will not cure any Payment Default); *provided, however*, that the maximum amount available to be drawn under the Primary Liquidity Facility on any Regular Distribution Date to fund any shortfall of interest on the Class G Certificates will not exceed the then Maximum Available Commitment.

The Maximum Available Commitment at any time is an amount equal to the then Required Amount less the aggregate amount of each Interest Drawing outstanding under the Primary Liquidity Facility at such time, *provided* that following a Non-Extension Drawing, a Downgrade Drawing or a Final Drawing, the Maximum Available Commitment shall be zero.

The Required Amount will be equal, on any day, to the sum of the aggregate amount of interest, calculated at the rate per annum equal to the Capped Interest Rate that would be payable on the Class G Certificates on each of the eight consecutive quarterly Regular Distribution Dates immediately following such day or, if such day is a Regular Distribution Date, on such day and the succeeding seven quarterly Regular Distribution Dates, in each case calculated on the basis of the Pool Balance of the Class G Certificates on such day and without regard to expected future payments of principal on the Class G Certificates. In the event of any Policy Provider Election, the Pool Balance for purposes of the definition of Required Amount shall be deemed to be reduced to zero.

Capped Interest Rate means, at any time, Capped LIBOR at such time plus % per annum.

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Capped LIBOR means, at any time, 10.0% per annum.

The Primary Liquidity Facility does not provide for drawings thereunder to pay for principal of or Premium, if any, on, or Break Amount, if any, with respect to, the Class G Certificates or to pay any amount with respect to the Class B Certificates. The Primary Liquidity Facility does not provide for drawings thereunder to pay any interest on the Class G Certificates in excess of an amount equal to eight full quarterly installments of interest calculated at the Capped Interest Rate. (Primary Liquidity Facility, Section 2.02; Intercreditor Agreement, Section 3.5)

Each payment by the Primary Liquidity Provider reduces by the same amount the Maximum Available Commitment, subject to reinstatement as hereinafter described. With respect to any Interest Drawing, upon reimbursement of the Primary Liquidity Provider in full or in part for the amount of such Interest Drawing plus interest thereon, the Maximum Available Commitment under the Primary Liquidity Facility will be reinstated by an amount equal to the amount of such Interest Drawing so reimbursed but not to exceed the then Required Amount. However, the Primary Liquidity Facility will not be so reinstated at any time if (i) any Equipment Note is a Non-Performing Equipment Note and a Liquidity Event of Default shall have occurred and be continuing or (ii) a Final Drawing shall have occurred. Any amounts paid by the Policy Provider to the Primary Liquidity Provider as described in Description of the Intercreditor Agreement Intercreditor Rights Controlling Party or Description of the Policy and the Policy Provider Agreement for the Class G Certificates The Policy Primary Liquidity Provider Drawing will not reinstate the Primary Liquidity Facility but any reimbursement of such amounts received by the Policy Provider under the distribution provisions of the Intercreditor Agreement will reinstate the Primary Liquidity Facility to the extent of such reimbursement unless (i) any Equipment Note is a Non-Performing Equipment Note and a Liquidity Event of Default shall have occurred and be continuing or (ii) a Final Drawing shall have occurred. With respect to any other drawings under the Primary Liquidity Facility, amounts available to be drawn thereunder are not subject to reinstatement. The Required Amount will be automatically reduced from time to time to an amount equal to the next eight successive quarterly interest payments due on the Class G Certificates (without regard to expected future payments of principal) at the Capped Interest Rate. (Primary Liquidity Facility, Section 2.04(a); Intercreditor Agreement, Section 3.5(j)). Upon the occurrence of the Liquidity Provider Reimbursement Date, no further drawings under the Primary Liquidity Facility will be permitted.

Non-Performing Equipment Note means an Equipment Note, with respect to which a Payment Default has occurred and is continuing thereunder (without giving effect to any acceleration); *provided* that in the event of a bankruptcy proceeding under the U.S. Bankruptcy Code in which Continental is a debtor any Payment Default existing during the 60-day period under Section 1110(a)(2)(A) of the U.S. Bankruptcy Code (or such longer period as may apply under Section 1110(b) of the U.S. Bankruptcy Code or as may apply for the cure of such Payment Default under Section 1110(a)(2)(B) of the U.S. Bankruptcy Code) shall not be taken into consideration until the expiration of the applicable period. Performing Equipment Note means any Equipment Note that is not a Non-Performing Equipment Note.

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

A Replacement Facility will mean an irrevocable liquidity facility (or liquidity facilities) in substantially the form of the replaced Primary Liquidity Facility, including reinstatement provisions, or in such other form (which may include a letter of credit) as shall permit the Rating Agencies to confirm in writing their respective ratings then in effect for the Class G Certificates (before downgrading of such ratings, if any, as a result of the downgrading of the replaced Primary Liquidity Provider but without regard to the Policy), which shall have been consented to by the

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Policy Provider, which consent shall not be unreasonably withheld or delayed, in a face amount (or in an aggregate face amount) equal to the amount of interest payable on the Class G Certificates (at the Capped Interest Rate and without regard to expected future principal payments) on the eight Regular Distribution Dates following the date of replacement of the Primary Liquidity Facility and issued by a person (or persons) having unsecured short-term debt rating or issuer credit rating, as the case may be, issued by both Rating Agencies which are equal to or higher than the Threshold Rating. (Intercreditor Agreement, Section 1.1) The provider of any Replacement Facility will have the same rights (including, without limitation, priority distribution rights and rights as Controlling Party) under the Intercreditor Agreement as the Primary Liquidity Provider being replaced.

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

The Primary Liquidity Facility provides that the Primary Liquidity Provider's obligations thereunder will expire on the earliest of:

364 days after the initial issuance date of the Certificates (the Issuance Date) (counting from, and including, the Issuance Date).

The date on which the Subordination Agent delivers to the Primary Liquidity Provider a certification that all of the Class G Certificates have been paid in full or are no longer entitled to the benefits of the Primary Liquidity Facility.

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

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

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

The occurrence of the Liquidity Provider Reimbursement Date.

The occurrence of a termination of the Primary Liquidity Facility as described in the first or second bullet point under Description of the Certificates Purchase Rights of Certificateholders .

The Primary Liquidity Facility provides that it may be extended for additional 364-day periods by mutual agreement of the Primary Liquidity Provider and the Subordination Agent.

The Intercreditor Agreement will provide for the replacement of the Primary Liquidity Facility if such Primary Liquidity Facility is scheduled to expire earlier than 15 days after the Final Maturity Date for the Class G Certificates and is not extended at least 25 days prior to its then scheduled expiration date. If the Primary Liquidity Facility is not so extended or replaced by the 25th day prior to its then scheduled expiration date, the Primary Liquidity Facility will be drawn in full up to the then Maximum Available Commitment (the Non-Extension Drawing). The proceeds of the Non-Extension Drawing will be deposited in the Cash Collateral Account as cash collateral to be used for the same purposes and under the same circumstances, and subject to the same conditions, as cash payments of Interest Drawings under the Primary Liquidity Facility would be used. (Primary Liquidity Facility, Section 2.02(b); Intercreditor Agreement, Section 3.5(d))

Subject to certain limitations, Continental may, at its option, arrange for a Replacement Facility at any time to replace the Primary Liquidity Facility (including, without limitation, any Replacement Facility described in the following sentence). In addition, if the Primary Liquidity Provider shall determine not to extend the Primary Liquidity Facility, the Primary Liquidity Provider may, at its option, arrange for a Replacement Facility to replace the Primary Liquidity Facility (i) during the period no earlier than 40 days and no later than 25 days prior to the then scheduled expiration date of the Primary Liquidity Facility and (ii) at any time after such scheduled expiration date. The Primary Liquidity Provider may also arrange for a Replacement Facility to replace any of its Primary Liquidity Facility at any time after a Downgrade Drawing. If any Replacement Facility is provided at any time after a Downgrade Drawing or a Non-Extension Drawing, the funds on deposit in the Cash Collateral Account will be returned to the Primary Liquidity Provider being replaced. (Intercreditor Agreement, Sections 3.5(c) and (e))

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

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

Reimbursement of Drawings

The Subordination Agent must reimburse amounts drawn under the Primary Liquidity Facility by reason of an Interest Drawing, Final Drawing, Downgrade Drawing or Non-Extension Drawing and interest thereon, but only to the extent that the Subordination Agent has funds available therefor.

Interest Drawings and Final Drawings

Amounts drawn by reason of an Interest Drawing or Final Drawing under the Primary Liquidity Facility will be immediately due and payable, together with interest on the amount of such drawing. From the date of the drawing to (but excluding) the third business day following the Primary Liquidity Provider's receipt of the notice of such Interest Drawing, interest will accrue at the Base Rate plus 2.00% per annum. Thereafter, interest will accrue at Liquidity Facility LIBOR for the applicable interest period plus 2.00% per annum. In the case of the Final Drawing, however, the Subordination Agent may convert the Final Drawing into a drawing bearing interest at the Base Rate plus 2.00% per annum on the last day of an interest period for such Drawing.

Base Rate means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to (a) the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a business day, for the next preceding business day) by the Federal Reserve Bank of New York, or if such rate is not so published for any day that is a business day, the average of the quotations for such day for such transactions received by the Primary Liquidity Provider from three Federal funds brokers of recognized standing selected by it, plus (b) one-quarter of one percent (1/4 of 1%).

Liquidity Facility LIBOR means, with respect to any interest period, (i) the rate per annum appearing on display page 3750 (British Bankers Association LIBOR) of the Telerate Service (or any successor or substitute therefor) at approximately 11:00 a.m. (London time) two business days before the first day of such interest period, as the rate for dollar deposits with a maturity comparable to such interest period, or (ii) if the rate calculated pursuant to clause (i) above is not available, the average (rounded upwards, if necessary, to the next 1/16 of 1%) of the rates per annum at which deposits in dollars are offered for the relevant interest period by three banks of recognized standing selected by the Primary Liquidity Provider in the London interbank market at approximately 11:00 a.m. (London time) two business days before the first day of such interest period in an amount approximately equal to the principal amount of the LIBOR Advance to which such interest period is to apply and for a period comparable to such interest period.

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Downgrade Drawings and Non-Extension Drawings

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

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

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

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

Any Downgrade Drawing, other than any portion thereof applied to the payment of interest on the Class G Certificates, will bear interest (x) subject to clause (y) below, at a rate equal to Liquidity Facility LIBOR for the applicable interest period plus a specified margin on the outstanding amount from time to time of such drawing and (y) from and after the date, if any, on which it is converted into a Final Drawing as described below under Liquidity Events of Default and Termination , at a rate equal to Liquidity Facility LIBOR for the applicable interest period (or, as described in the first paragraph under Interest Drawings and Final Drawings , the Base Rate) plus 2.00% per annum.

Any Non-Extension Drawing, other than any portion thereof applied to the payment of interest on the Class G Certificates, will bear interest (x) subject to clause (y) below, in an amount equal to the investment earnings on amounts deposited in the Cash Collateral Account plus a specified margin on the outstanding amount from time to time of such Non-Extension Drawing and (y) from and after the date, if any, on which it is converted into a Final Drawing as described below under Liquidity Events of Default and Termination , at a rate equal to Liquidity Facility LIBOR for the applicable interest period (or, as described in the first paragraph under Interest Drawings and Final Drawings , the Base Rate) plus 2.00% per annum.

Liquidity Events of Default and Termination

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

The acceleration of all of the Equipment Notes.

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

If (i) any Liquidity Event of Default has occurred and is continuing and (ii) any Equipment Note is a Non-Performing Equipment Note, the Primary Liquidity Provider may, in its discretion, deliver a notice of termination of the Primary Liquidity Facility (a Termination Notice) to the Subordination Agent. The Termination Notice will have the following consequences:

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

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

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

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

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

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Upon the occurrence of the Liquidity Provider Reimbursement Date, the Primary Liquidity Facility will automatically expire, any drawing remaining unreimbursed as of such date will be automatically converted into a Final Drawing and all amounts owing to the Primary Liquidity Provider automatically will be accelerated. On and after such date, no drawings under the Primary Liquidity Facility will be permitted.

Primary Liquidity Provider

The initial Primary Liquidity Provider will be Morgan Stanley Bank. Morgan Stanley Bank is a Utah industrial bank with its principal offices in West Valley City, Utah, and an indirect, wholly owned subsidiary of Morgan Stanley, a Delaware corporation (Morgan Stanley). The obligations of Morgan Stanley Bank are not guaranteed by Morgan Stanley. As a state chartered nonmember of the Federal Reserve System, Morgan Stanley Bank is subject to regulation and supervision by the Federal Deposit Insurance Corporation and the Utah Department of Financial Institutions.

Morgan Stanley Bank has a short-term unsecured debt rating of P-1 from Moody's, a short-term issuer credit rating of A-1 from Standard & Poor's and a short-term credit rating of F1+ from Fitch.

Above-Cap Liquidity Facility

General

The Subordination Agent and the Above-Cap Liquidity Provider will enter into an irrevocable interest rate cap agreement with respect to the Class G Trust (the Above-Cap Liquidity Facility). There will be no above-cap liquidity facility with respect to the Class B Trust.

Payments

Under the Above-Cap Liquidity Facility, the Above-Cap Liquidity Provider will make payments on any Regular Distribution Date if (i) after giving effect to the provisions of the Intercreditor Agreement (but without regard to drawings under the Primary Liquidity Facility or withdrawals from the Cash Collateral Account or Above-Cap Account), the Subordination Agent does not have sufficient funds for the payment of interest on the Class G Certificates, (ii) LIBOR for the Interest Period ending on such Distribution Date (or, if such Distribution Date is not the last day of an Interest Period, LIBOR for the Interest Period including such Distribution Date) exceeds Capped LIBOR and (iii) the Stated Interest Rate for the Class G Certificates for the Interest Period ending on such Distribution Date (or, if such Distribution Date is not the last day of an Interest Period, the Stated Interest Rate for the Class G Certificates for the Interest Period including such Distribution Date) exceeds the Capped Interest Rate, in an amount (an Above-Cap Payment) equal to (regardless of whether any portion of such amount has been or is being funded by the Primary Liquidity Provider as an Interest Drawing) the excess of (1) the product of (x) the difference between LIBOR for the Interest Period ending on such Distribution Date (or, if such Distribution Date is not the last day of an interest Period, LIBOR for the Interest Period including such Distribution Date) and Capped LIBOR, multiplied by (y) the Pool Balance of the Class G Certificates, multiplied by (z) actual days elapsed in the applicable Interest Period divided by 360 over (2) the amount, if any, on deposit in the Above-Cap Account.

An Above-Cap Payment under the Above-Cap Liquidity Facility will be made to the Subordination Agent which will immediately deposit such Above-Cap Payment in the Above-Cap Account to be available for withdrawals as described in Above-Cap Account below.

The Above-Cap Liquidity Facility will be available to make payments only as long as the Primary Liquidity Facility is available to be drawn or there are amounts in the Cash Collateral Account.

The Above-Cap Liquidity Facility does not provide for payments thereunder to pay, directly or indirectly, principal of or Premium, if any, on, or Break-Amount, if any, with respect to, the Class G Certificates or to pay any amount with respect to the Class B Certificates. (Intercreditor Agreement, Section 3.5) The Subordination Agent will have no obligation to reimburse the Above-Cap Liquidity Provider for any Above-Cap Payment.

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Early Termination

If at any time (i) the short-term unsecured debt rating or short-term issuer credit rating, as the case may be, of the Above-Cap Liquidity Provider or, in the case of the initial Above-Cap Liquidity Facility, the Above-Cap Liquidity Provider Guarantor then issued by either Rating Agency is lower than the Threshold Rating, (ii) in the case of the initial Above-Cap Liquidity Facility, the Above-Cap Liquidity Provider Guarantor's guarantee ceases to be in full force and effect (or becomes invalid or unenforceable or the Above-Cap Liquidity Provider Guarantor denies its liability thereunder) or (iii) certain other events occur relating to certain changes in law or other circumstances, then the Above-Cap Liquidity Facility may be replaced by a replacement Above-Cap Liquidity Facility to be provided by one or more financial institutions having such short-term unsecured debt ratings issued by both Rating Agencies which are equal to or higher than the Threshold Rating. If the Above-Cap Liquidity Facility is not replaced within ten days (or, in the case of clause (iii) above, 20 days) after such downgrading, the Above-Cap Liquidity Provider will pay to the Subordination Agent for deposit into an account (the Above-Cap Collateral Account) for the benefit of the Class G Certificates an amount in cash (the Above-Cap Collateral Amount) equal to the product of:

0.256, multiplied by

10% per annum, multiplied by

the Pool Balance of the Class G Certificates,

plus all other unpaid amounts then due under the Above-Cap Liquidity Facility. Upon such payment, the Above-Cap Liquidity Facility shall terminate. 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 by paying the Above-Cap Collateral Amount upon the occurrence of certain events relating to deduction or withholding for tax.

The Above-Cap Collateral Amount will be used for the same purposes and under the same circumstances, and subject to the same conditions, as Above-Cap Payments under the Above-Cap Liquidity Facility (were the Above-Cap Liquidity Facility still in effect) would be used. Cash deposited into the Above-Cap Collateral Account will be invested in certain specified eligible investments.

The Above-Cap Liquidity Facility provides that the Above-Cap Liquidity Provider's obligations thereunder will expire on the earlier of the first Business Day after (i) the Final Maturity Date and (ii) the date on which the Pool Balance of the Class G Certificates equals zero.

Above-Cap Account

The Subordination Agent will maintain an account (the Above-Cap Account) for the Class G Trust into which Above-Cap Payments made by the Above-Cap Liquidity Provider will be deposited.

If, on any Regular Distribution Date, after giving effect to the subordination provisions of the Intercreditor Agreement and after giving effect to any Interest Drawing under the Primary Liquidity Facility or withdrawals from the Cash Collateral Account, there are insufficient funds available to the Subordination Agent to pay interest on the Class G Certificates (regardless of whether LIBOR is lower or higher than Capped LIBOR), the Subordination Agent shall make a withdrawal from the Above-Cap Account to fund such shortfall to the extent funds are available in the Above-Cap Account (after giving effect to any Above-Cap Payment or equivalent transfer from the Above-Cap Collateral Account).

Amounts deposited into the Above-Cap Account are not available to pay principal of or Premium, if any, on or Break Amount, if any, with respect to, the Class G Certificates or to pay any amount with respect to the Class B Certificates. On the first Business Day after the earlier of (i) the Final Maturity Date and (ii) the date of payment of Final Distributions with respect to the Class G Certificates, the Subordination Agent will pay to the Above-Cap Liquidity Provider an amount equal to the sum of the amounts remaining in the Above-Cap Account and the Above-Cap Collateral Account, if any.

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Amounts in the Above-Cap Account (if any), together with the maximum amount of Interest Drawings available under the Primary Liquidity Facility, are expected to provide an amount sufficient to pay interest (calculated at the Stated Interest Rate for the Class G Certificates) on the Class G Certificates on up to eight consecutive Regular Distribution Dates (without regard to any expected future payments of principal on such Certificates and assuming that Continental will not cure any Payment Default).

Notwithstanding the subordination provisions of the Intercreditor Agreement, the holders of the Class G Certificates will be entitled to receive and retain the proceeds of withdrawals from the Above-Cap Account.

Initial Above-Cap Liquidity Provider

The initial Above-Cap Liquidity Provider will be Morgan Stanley Capital Services Inc. (the Above-Cap Liquidity Provider and, together with the Primary Liquidity Provider, the Liquidity Providers). The obligations of Morgan Stanley Capital Services Inc. will be guaranteed by Morgan Stanley, its parent company (the Above-Cap Liquidity Provider Guarantor). Morgan Stanley has a short-term unsecured debt rating of P-1 from Moody s and a short-term issuer credit rating of A-1 from Standard & Poor s.

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DESCRIPTION OF THE POLICY AND THE POLICY PROVIDER AGREEMENT FOR THE CLASS G CERTIFICATES

The following summary describes the material terms of the Policy for the Class G Certificates and certain provisions of the Policy Provider Agreement. The summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Policy and the Policy Provider Agreement, each of which will be filed as an exhibit to a Current Report on Form 8-K to be filed by Continental with the Commission.

The Policy

The Policy Provider will issue a financial guarantee insurance policy (the Policy) in favor of the Subordination Agent for the benefit of the Class G Trustee, the holders of the Class G Certificates and the Primary Liquidity Provider. The Policy does not cover any amounts payable on the Class B Certificates. Drawings under the Policy may be made under the following six circumstances:

Interest Drawings

If on any Regular Distribution Date (other than the Final Maturity Date) after giving effect to the application of available funds in accordance with the subordination provisions of the Intercreditor Agreement and to the application of any drawing paid under the Primary Liquidity Facility in respect of interest due on the Class G Certificates on such Distribution Date, any withdrawal of funds from the Cash Collateral Account in respect of such interest and any withdrawal from the Above-Cap Account in respect of such interest (collectively, Prior Funds), the Subordination Agent does not then have sufficient funds available for the payment of all amounts due and owing in respect of accrued and unpaid interest on the Class G Certificates at the Stated Interest Rate for the Class G Certificates (calculated assuming that Continental will not cure any Payment Default), the Subordination Agent is to request a Policy Drawing under the Policy in an amount sufficient to enable the Subordination Agent to pay such accrued interest.

Proceeds Deficiency Drawing

If on any Special Distribution Date (other than the Election Distribution Date or the Provider Distribution Date) established by the Subordination Agent by reason of its receipt of a Special Payment constituting the proceeds from the sale of the Series G Equipment Note (as to which there has been a payment default or which has been accelerated) or of the Pledged Spare Parts comprising all of the Pledged Spare Parts subject to the lien of the Indenture at the time of such sale, as the case may be, after giving effect to the application of such proceeds in accordance with the subordination provisions of the Intercreditor Agreement and to the application of any Prior Funds, the Subordination Agent does not then have sufficient funds available for the payment in full of the then outstanding Pool Balance of the Class G Certificates, together with accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates for the period from the immediately preceding Regular Distribution Date to such Special Distribution Date (calculated assuming that Continental will not cure any Payment Default) (collectively, the Relevant Outstanding Amount), the Subordination Agent is to request a Policy Drawing under the Policy in an amount sufficient to enable the Subordination Agent to pay the Relevant Outstanding Amount.

No Proceeds Drawing

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

(such period, the Default Period) (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 Default Period) and continues to exist on the Regular Distribution Date on which such eighth Interest Period ends, on the 25th day following such Regular Distribution Date (or if such 25th day is not a Business Day, the next Business Day), unless a Policy Provider Election has been made (or deemed to have been made), the Subordination Agent is to request a Policy Drawing in an amount equal to the then outstanding principal amount of the Series G Equipment Note (less the amount of any Policy Drawings previously paid by the Policy Provider in respect of principal) plus accrued and unpaid interest thereon at the Stated Interest Rate for the Class G Certificates (calculated

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assuming that Continental will not cure any Payment Default) from the immediately preceding Regular Distribution Date to that Special Distribution Date. Unless a Policy Provider Election has been made (or deemed to have been made), the Subordination Agent is to give prompt notice to the Class G Trustee and the Policy Provider setting forth the non-receipt of any such Special Payment, which notice is to be given not less than 25 days prior to such Special Distribution Date. After the payment by the Policy Provider in full of such amount of principal and accrued interest for such Policy Drawing, the Subordination Agent will have no right to request any further Policy Drawing in respect of any subsequent sale or other disposition of such Equipment Notes except for Preference Amounts.

Notwithstanding the foregoing, the Policy Provider has the right, so long as no Policy Provider Default shall have occurred and be continuing, to make a Policy Provider Election instead, which Policy Provider Election shall be deemed to have been given on the day that is ten days prior to the end of any such 24-month period (unless the Policy Provider shall have affirmatively elected by notice to the Subordination Agent to not make such Policy Provider Election on or prior to such day or a Policy Provider Default shall have occurred and be continuing as of such day), in which case:

On the Special Distribution Date established pursuant to the preceding paragraph, the Policy Provider shall pay an amount equal to any shortfall in the scheduled interest payable but not paid on the Series G Equipment Note (determined after the application of proceeds from the sale of any Collateral in connection with the exercise of remedies under the Indenture and calculated assuming that Continental will not cure any Payment Default) during such 24-month period (reduced by the amount of funds received from the Policy Provider in connection with any prior Policy Drawing as described under Proceeds Deficiency Drawings and from the Primary Liquidity Facility, the Cash Collateral Account, the Above-Cap Account or the Policy Provider to the extent of any Policy Drawings as described under Interest Drawings made as a result of a failure of the Primary Liquidity Provider to honor Interest Drawings under the Primary Liquidity Facility or a failure of the Above-Cap Liquidity Provider or the Above-Cap Liquidity Provider Guarantor to make an Above-Cap Payment under the Above-Cap Liquidity Facility).

On each Regular Distribution Date that occurs after such Special Distribution Date, the Policy Provider shall permit drawings under the Policy for an amount equal to the scheduled principal and interest that were to become due on such Equipment Note on the related payment date (taking into account any adjustments made on account of redemptions, but without regard to any acceleration thereof, any failure to consummate any optional redemption or any funds available under the Primary Liquidity Facility, the Cash Collateral Account or the Above-Cap Account and calculated assuming that Continental will not cure any Payment Default) until the establishment of an Election Distribution Date or a Provider Distribution Date, except that the Policy Provider shall not be required to pay (i) any amount in respect of principal described in this subparagraph on any such Regular Distribution Date if (x) it has theretofore honored Policy Drawings as described under Proceeds Deficiency Drawings or No Proceeds Drawing or (y) in connection with the exercise of remedies under the Indenture there has previously been a reduction in the outstanding principal balance of the Series G Equipment Note as a result of the application of proceeds from the sale of Collateral, to the extent that, after giving effect to the distribution of any such amount or proceeds or both in accordance with the provisions of the Intercreditor Agreement, the Pool Balance of the Class G Certificates as of such Regular Distribution Date would be less than the Pool Balance of the Class G Certificates as of such Regular Distribution Date were all payments on the Series G Equipment Note to have been made by Continental when due (without regard to Acceleration, any failure to consummate any optional redemption but taking into account any adjustments previously made for redemptions) nor (ii) for the avoidance of doubt, any amount in respect of interest under this subparagraph on any such Regular Distribution Date other than accrued and unpaid interest (at the applicable Stated Interest Rate calculated assuming that Continental will not cure any Payment Default) on the Pool Balance of the Class G Certificates as of such Regular Distribution Date (calculated without giving effect to any Policy Drawing in respect of principal under this subparagraph on such Regular Distribution

Date).

On an Election Distribution Date or a Special Distribution Date (other than a Regular Distribution Date) elected by the Policy Provider upon 20 days notice (the Provider Distribution Date), the Subordination Agent shall be required to request a Policy Drawing for an amount (as determined after giving effect to the application of available funds in accordance with the subordination provisions of the Intercreditor

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Agreement) equal to the then outstanding Pool Balance of the Class G Certificates and accrued and unpaid interest thereon at the applicable Stated Interest Rate (calculated assuming that Continental will not cure any Payment Default) from the immediately preceding Regular Distribution Date to such Election Distribution Date or Provider Distribution Date, without derogation of the Policy Provider's continuing obligations for all previous requests for Policy Drawings that remain unpaid in respect of the Series G Equipment Note.

The Intercreditor Agreement instructs the Subordination Agent to make each such drawing under the Policy.

Final Policy Drawing

If on the Final Maturity Date after giving effect to the application of available funds in accordance with the subordination provisions of the Intercreditor Agreement and to the application of any Prior Funds, the Subordination Agent does not then have sufficient funds available for the payment in full of the Final Distributions (calculated as of such date and calculated assuming that Continental will not cure any Payment Default but excluding any accrued and unpaid Premium or Break Amount) on the Class G Certificates, the Subordination Agent is to request a Policy Drawing under the Policy in an amount sufficient to enable the Subordination Agent to pay the Final Distributions (calculated as of such date and calculated assuming that Continental will not cure any Payment Default but excluding any accrued and unpaid Premium or Break Amount) on the Class G Certificates.

Avoidance Drawing

If, at any time, the Subordination Agent has actual knowledge of the issuance of any Order, the Subordination Agent is to give prompt notice to the Class G Trustee, the Primary Liquidity Provider and the Policy Provider of such Order and, prior to the expiration of the Policy, to request a Policy Drawing for the relevant Preference Amount and to deliver to the Policy Provider a copy of the documentation required by the Policy with respect to such Order. To the extent that any portion of such Preference Amount is to be paid to the Subordination Agent (and not to any receiver, conservator, debtor-in-possession or trustee in bankruptcy as provided in the Policy), the Subordination Agent shall establish as a Special Distribution Date the date that is the earlier of three Business Days after the date of the expiration of the Policy and the Business Day that immediately follows the 25th day after that notice for distribution of such portion of the proceeds of such Policy Drawing. With respect to that Special Distribution Date, the Subordination Agent is to request a Policy Drawing for the relevant Preference Amount and to deliver to the Policy Provider a copy of the documentation required by the Policy with respect to such Order.

Primary Liquidity Provider Drawing

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 the sale of Equipment Notes or any Collateral during such 24-month period) (such Business Day, the Liquidity Provider Reimbursement Date), the Policy Provider (upon 20 days' prior notice from the Subordination Agent on behalf of the Primary Liquidity Provider) will be 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.

General

All requests by the Subordination Agent for a Policy Drawing are to be made by it no later than 12:00 p.m. (New York City time) on the applicable Distribution Date and in the form required by the Policy and delivered to the Policy Provider in accordance with the Policy. All proceeds of any Policy Drawing are to be deposited by the

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Subordination Agent in a separate policy account and from there paid to the Class G Trustee for distribution to the holders of Class G Certificates without regard to the subordination provisions of the Intercreditor Agreement. In the case of any Preference Amounts, however, all or part of the Policy Drawing will be paid directly to the bankruptcy receiver, conservator, debtor-in-possession or trustee to the extent such amounts have not been paid by the holders of Class G Certificates. If any request for a Policy Drawing is rejected as not meeting the requirements of the Policy, the Subordination Agent is to resubmit such request so as to meet such requirements.

The Policy provides that if such a request for a Policy Drawing (other than a Policy Drawing as provided in The Policy Avoidance Drawing) is properly submitted or resubmitted it will pay to the Subordination Agent for deposit in a separate policy account the applicable payment under the Policy no later than 3:00 p.m. on the later of the relevant Distribution Date and the Business Day on which the request is received by the Policy Provider (if the request is received by 12:00 p.m. on such date) or the next Business Day (if the request is received after that time or on a day that is not a Business Day).

Once any payment under the Policy is paid to the Subordination Agent, the Policy Provider will have no further obligation in respect of such payment. **The Policy Provider shall not be required to make any payment except at the times and in the amounts and under the circumstances expressly set forth in the Policy.**

The Policy does not cover (i) shortfalls, if any, attributable to the liability of the Class G Trust, the Class G Trustee or the Subordination Agent for withholding taxes, if any (including interest and penalties in respect of that liability), (ii) interest in excess of the Stated Interest Rate for the Class G Certificates (calculated assuming that Continental will not cure any Payment Default), (iii) interest on interest, (iv) default interest, (v) any Premium or other acceleration payment payable in respect of the Class G Certificates, (vi) any Break Amount, (vii) any failure of the Subordination Agent or the Class G Trustee to make any payment due to the holders of the Class G Certificates from funds received or (viii) any amount with respect to the Class B Certificates.

The Policy Provider's obligation under the Policy will be discharged to the extent that funds are received by the Subordination Agent for distribution to the Class G Trustee and the holders of Class G Certificates, whether or not the funds are properly distributed by the Subordination Agent or the Class G Trustee.

The Policy is noncancellable, except that the Policy may be surrendered for cancellation as described in Description of the Certificates Purchase Rights of Certificateholders . The Policy expires and terminates without any action on the part of the Policy Provider or any other person on the later of (i) the day that is one year and one day following the date on which Final Distributions are made on the Class G Certificates (the Termination Date) or (ii) if applicable, the date on which drawings under the Policy referred to in Primary Liquidity Provider Drawing are paid in full, unless an Insolvency Proceeding has commenced and has not been concluded or dismissed on the Termination Date, in which case on the later of (i) the date of the conclusion or dismissal of such Insolvency Proceeding without continuing jurisdiction by the court in such Insolvency Proceeding and (ii) the date on which the Policy Provider has made all payments required to be made under the terms of such Policy in respect of Preference Amounts. No portion of the premium under the Policy is refundable for any reason including payment or provision being made for payment.

The Policy is issued under and pursuant to, and shall be construed under, the laws of the State of New York.

Definitions

Order means the order referred to in the definition of the term Preference Amount .

Election Distribution Date means any Special Distribution Date specified by the Subordination Agent upon 20 days notice, by reason of the occurrence of a Policy Provider Default occurring after a Policy Provider Election.

Insolvency Proceeding means the commencement, after the Issuance Date, of any bankruptcy, insolvency, readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings by or against Continental or any Liquidity Provider and the commencement, after the Issuance Date, of any proceedings by Continental or any Liquidity Provider for the winding up or liquidation of its affairs or the consent, after the Issuance Date, to the appointment of a trustee, conservator, receiver or liquidator in any bankruptcy, insolvency,

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readjustment of debt, reorganization, marshalling of assets and liabilities or similar proceedings of or relating to Continental or any Liquidity Provider.

Preference Amount means any payment of principal of, or interest at the applicable Stated Interest Rate on, the Series G Equipment Note made to the Class G Trustee or the Subordination Agent or (without duplication) any payment of the Pool Balance of, or interest at the applicable Stated Interest Rate on, the Class G Certificates or any payment of the proceeds of any drawing under the Primary Liquidity Facility or the Above-Cap Account made to a holder which has become recoverable or been recovered from the Class G Trustee, the Subordination Agent or the holders of the Class G Certificates (as the case may be) as a result of such payment being determined or deemed a preferential transfer pursuant to the United States Bankruptcy Code or otherwise rescinded or requested to be returned in accordance with a final, nonappealable order of a court of competent jurisdiction exercising jurisdiction in an insolvency proceeding.

The Policy Provider Agreement

The Subordination Agent, Continental and the Policy Provider will enter into an insurance and indemnity agreement (the Policy Provider Agreement) to be dated as of the Issuance Date pursuant to which Continental agrees to reimburse the Policy Provider for amounts paid pursuant to claims made under the Policy. Pursuant to the Policy Provider Agreement, Continental agrees to pay the Policy Provider a premium based on the Pool Balance of the Class G Certificates and a fee in connection with any prepayment of the Class G Certificates (including by reason of an acceleration of the underlying Equipment Notes, but excluding a prepayment associated with an Event of Loss or to comply with the Collateral Ratio requirements) and to reimburse the Policy Provider for certain expenses.

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DESCRIPTION OF THE INTERCREDITOR AGREEMENT

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

Intercreditor Rights

Controlling Party

The Mortgagee will be directed in taking, or refraining from taking, any action under the Indenture or with respect to the Equipment Notes issued under the Indenture, by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued thereunder, so long as no Indenture Default shall have occurred and be continuing thereunder. For so long as the Subordination Agent is the registered holder of the Equipment Notes, the Subordination Agent will act with respect to the preceding sentence in accordance with the directions of the Trustees for whom such Equipment Notes are held as Trust Property, to the extent constituting, in the aggregate, directions with respect to the required principal amount of the Equipment Notes, except that so long as the Final Distributions on the Class G Certificates have not been made or any Policy Provider Amounts (other than any Excess Reimbursement Obligations) remain outstanding and no Policy Provider Default shall have occurred and be continuing, the Subordination Agent shall request directions from the Policy Provider rather than the Class G Trustee with respect to the Series G Equipment Note (subject to the proviso contained in Voting of Equipment Notes).

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 or with respect to the Equipment Notes issued thereunder, including acceleration of such Equipment Notes or foreclosing the lien on the Collateral, by the Controlling Party, subject to the limitations described below. See Description of the Certificates Indenture Defaults and Certain Rights Upon an Indenture Default for a description of the rights of the Certificateholders of each Trust to direct the respective Trustees.

The Controlling Party will be:

Except as provided below, the Policy Provider.

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) (as described in Description of the Certificates Purchase Rights of Certificateholders) and the Policy Provider Amounts (other than any amount referred to in clause (c) of the definition of Excess Reimbursement Obligations) 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 Excess Reimbursement Obligations) to the Policy Provider, the Class B Trustee.

Under certain circumstances, and notwithstanding the foregoing, the Primary Liquidity Provider, as discussed in the next paragraph.

At any time after the Liquidity Provider Reimbursement Date, if a Policy Provider Default attributable to a failure to make a drawing to pay the Primary Liquidity Provider, as described under Description of the Policy and the Policy Provider Agreement for the Class G Certificates The Policy Primary Liquidity Provider Drawing , is continuing, the Primary Liquidity Provider (so long as the Primary Liquidity Provider has not defaulted in its obligation to make any advance under the Primary Liquidity Facility) shall have the right to become the Controlling Party, *provided* that if the Policy Provider pays to the Primary Liquidity Provider all outstanding drawings and interest thereon owing to the Primary Liquidity Provider under the Primary Liquidity Facility including all interest accrued thereon to such date, the person determined in accordance with the immediately preceding paragraph shall be the Controlling Party.

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For purposes of giving effect to the rights of the Controlling Party, the Trustees (other than the Controlling Party) shall irrevocably agree, and the Certificateholders (other than the Certificateholders represented by the Controlling Party) will be deemed to agree by virtue of their purchase of Certificates, that the Subordination Agent, as record holder of the Equipment Notes, shall exercise its voting rights in respect of the Equipment Notes as directed by the Controlling Party. (Intercreditor Agreement, Section 2.6) For a description of certain limitations on the Controlling Party's rights to exercise remedies, see Description of the Equipment Notes Remedies .

Policy Provider Default shall mean the occurrence of any of the following events: (a) the Policy Provider fails to make a payment required under the Policy in accordance with its terms and such failure remains unremedied for two Business Days following the delivery of written notice of such failure to the Policy Provider or (b) the Policy Provider (i) files any petition or commences any case or proceeding under any provisions of any federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization, (ii) makes a general assignment for the benefit of its creditors or (iii) has an order for relief entered against it under any federal or state law relating to insolvency, bankruptcy, rehabilitation, liquidation or reorganization that is final and nonappealable, or (c) a court of competent jurisdiction, the New York Department of Insurance or another competent regulatory authority enters a final and nonappealable order, judgment or decree (i) appointing a custodian, trustee, agent or receiver for the Policy Provider or for all or any material portion of its property (ii) authorizing the taking of possession by a custodian, trustee, agent or receiver of the Policy Provider (or taking of possession of all or any material portion of the Policy Provider's property).

Final Distributions means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) the aggregate amount of all accrued and unpaid interest on such Certificates and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date. For purposes of calculating Final Distributions with respect to the Certificates of any Trust, any Premium paid on the Equipment Note held in such Trust which has not been distributed to the Certificateholders of such Trust (other than such Premium or a portion thereof applied to the payment of interest on the Certificates of such Trust or the reduction of the Pool Balance of such Trust) shall be added to the amount of such Final Distributions.

Sale of Pledged Spare Parts or Equipment Notes

Upon the occurrence and during the continuation of any Indenture Default, the Controlling Party may accelerate and, subject to the provisions of the immediately following sentence, sell some or all of the Pledged Spare Parts or all (but not less than all) of the Equipment Notes issued under the Indenture. So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes and (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee, no Pledged Spare Parts or Equipment Notes may be sold, if the net proceeds from such sale would be less than the Minimum Sale Price.

Minimum Sale Price means (a) in the case of any Pledged Spare Parts proposed to be sold, 75% of the then current aggregate Fair Market Value of such Pledged Spare Parts and (b) in the case of the Equipment Notes the lesser of (i) 75% of the current Fair Market Value of all Pledged Spare Parts then subject to the Lien of the Indenture and (ii) the aggregate outstanding principal amount of the Equipment Notes, plus accrued and unpaid interest thereon.

Priority of Distributions

All payments in respect of the Equipment Notes and certain other payments received on any Distribution Date will be promptly distributed by the Subordination Agent on such Distribution Date in the following order of priority:

To the Subordination Agent, any Trustee, any Certificateholder, the Primary Liquidity Provider and the Policy Provider to the extent required to pay certain out-of-pocket costs and expenses actually incurred by the

Subordination Agent or any Trustee or to reimburse any Certificateholder, the Primary Liquidity Provider or the Policy Provider in respect of payments made to the Subordination Agent or any Trustee in connection with the protection or realization of the value of the Equipment Notes or the Collateral under (and as defined in) the Indenture (collectively, the 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 the payment made to the Primary Liquidity Provider attributable to interest accrued on the 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 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 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 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.

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

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

Policy Provider Obligations means all reimbursement and other amounts, including fees and indemnities (to the extent not included in Policy Expenses), due to the Policy Provider under the Policy Provider Agreement (except certain specified fees and other amounts payable to the Policy Provider).

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Policy Expenses means all amounts (including amounts in respect of premiums, fees, expenses or indemnities) due to the Policy Provider under the Policy Provider Agreement or certain other agreements other than (i) the amount of any Excess Reimbursement Obligations, (ii) any Policy Drawing, (iii) any interest accrued on any Policy Provider Obligation, (iv) certain specified fees and other amounts payable to the Policy Provider, (v) any amounts that the Policy Provider is entitled to receive by virtue of its subrogation rights under the Intercreditor Agreement and (vi) reimbursement of and interest on the Liquidity Obligations in respect of the Primary Liquidity Facility paid by the Policy Provider to the Primary Liquidity Provider, *provided* that if, at the time of determination, a Policy Provider Default exists, Policy Expenses will not include any indemnity payments owed to the Policy Provider.

Policy Drawing means any payment of a claim under the Policy.

Excess Reimbursement Obligations means, (a) in the event of any Policy Provider Election, the portion of the Policy Provider Obligations that represents, when added to that portion of any Liquidity Obligations that represents, interest on the Series G Equipment Note in excess of 24 months of interest at the interest rate applicable to such Equipment Note, (b) any interest on the Liquidity Obligations in respect of the Primary Liquidity Facility paid by the Policy Provider to the Primary Liquidity Provider from and after the end of the 24-month period referred to under the caption Description of the Policy and the Policy Provider Agreement for the Class G Certificates The Policy No Proceeds Drawing and (c) interest on Policy Drawings as set forth in the Policy Provider Agreement (other than such interest that constitutes a Policy Provider Obligation).

Policy Provider Amounts means all Policy Provider Obligations, Policy Expenses, certain fees due and payable to the Policy Provider (without duplication of any Policy Provider Obligations or Policy Expenses) and Excess Reimbursement Obligations.

Expected Distributions means, with respect to the Certificates of any Trust on any Distribution Date (the Current Distribution Date), the sum of (1) accrued and unpaid interest on the outstanding Pool Balance of such Certificates and (2) the difference between:

(A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date (or, if the Current Distribution Date is the first Distribution Date, as of the Issuance Date) and

(B) the Pool Balance of such Certificates as of the Current Distribution Date calculated on the basis that (i) the principal of any Performing Equipment Note held in such Trust has been paid when due (whether at stated maturity, upon redemption, prepayment, purchase, acceleration or otherwise) and such payments have been distributed to the holders of such Certificates, (ii) the principal of any Non-Performing Equipment Note held in such Trust has been paid in full and such payments have been distributed to the holders of such Certificates and (iii) the principal of any Equipment Note formerly held in such Trust that has been sold pursuant to the Intercreditor Agreement has been paid in full and such payments have been distributed to the holders of such Certificates.

For purposes of determining the priority of distributions on account of the redemption, purchase or prepayment of any Equipment Note or Collateral, clause (1) of the definition of Expected Distributions shall be deemed to read as follows: (1) accrued, due and unpaid interest on the outstanding Pool Balance of such Certificates together with (without duplication) accrued and unpaid interest on a portion of the outstanding Pool Balance of such Certificates equal to the outstanding principal amount of the Equipment Notes held in such Trust and being redeemed, purchased or prepaid (immediately prior to such redemption, purchase or prepayment). For purposes of calculating Expected Distributions with respect to the Certificates of any Trust, any Premium or Break Amount paid on the Equipment Notes held in such Trust that has not been distributed to the Certificateholders of such Trust (other than such Premium or 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.

Voting of Equipment Notes

In the event that the Subordination Agent, as the registered holder of any Equipment Note, receives a request for its consent to any amendment, supplement, modification, approval, consent or waiver under such Equipment Note or the Indenture or other related document, (i) if no Indenture Default shall have occurred and be continuing

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with respect to such Indenture, the Subordination Agent shall request directions from the Trustee(s) (except that, so long as the Final Distributions on the Class G Certificates have not been made or any Policy Provider Amounts (other than Excess Reimbursement Obligations) remain outstanding and no Policy Provider Default shall have occurred and be continuing, the Subordination Agent shall request directions from the Policy Provider rather than the Class G Trustee with respect to the Series G Equipment Note) and shall vote or consent in accordance with such directions and (ii) if any Indenture Default shall have occurred and be continuing, the Subordination Agent will exercise its voting rights as directed by the Controlling Party, subject to certain limitations; *provided* that no such amendment, modification, consent or waiver shall, without the consent of the Primary Liquidity Provider, the Policy Provider and each affected Certificateholder, among other things (a) reduce the amount of principal or interest payable by Continental, or change the time of payment or method of calculation of any amount, under any Equipment Note, (b) permit the creation of any security interest on the Collateral or any part thereof, except as provided therein, or deprive any holder of an Equipment Note of the benefit of the lien of the Indenture on the Collateral or (c) modify the percentage of holders of Equipment Notes issued under the Indenture required to take or approve any action under the Indenture. (Intercreditor Agreement, Section 9.1(b))

List of Certificateholders

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

Reports

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

After a bankruptcy of Continental, whether the Pledged Spare Parts are (i) subject to the 60-day period of Section 1110 of the Bankruptcy Code, (ii) subject to an election by Continental under Section 1110(a) of the Bankruptcy Code, (iii) covered by an agreement contemplated by Section 1110(b) of the Bankruptcy Code or (iv) not subject to any of (i), (ii) or (iii).

To the best of Subordination Agent's knowledge, after requesting such information from Continental, the location of the Pledged Spare Parts.

The current Pool Balance of each Class of Certificates and the outstanding principal amount of all Equipment Notes.

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

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

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

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

The amounts currently owed to each Liquidity Provider.

The amounts drawn under each Liquidity Facility.

The amounts owed to the Policy Provider.

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

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The Subordination Agent

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

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

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SH&E, an independent aviation appraisal and consulting firm, 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.

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. For example, thrust reversers, auxiliary power units and landing gear are Rotables. Expendables consist of parts that can be restored to a serviceable condition but have a life less than the related flight equipment and parts that generally are used once and thereby consumed or thereafter discarded. For example, engine cowlings, engine blades and duct assemblies are repairable expendable parts and bolts, screws, tubes and hoses are consumable expendable parts. Spare engines are not included in the Collateral. Set forth below is certain information about the spare parts of the types included in the Collateral and the appraised value of such spare parts set forth in SH&E's appraisal referred to above:

Aircraft Model	Spare Parts Quantity(1)			Appraised Value (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. 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 provide to the Policy Provider, the Mortgagee and the Rating Agencies a semiannual appraisal of the Collateral. 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.

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DESCRIPTION OF THE EQUIPMENT NOTES

The following summary describes the material terms of the Equipment Notes. The summary makes use of terms defined in and are qualified in their entirety by reference to all of the provisions of the Equipment Notes, the Indenture, the Collateral Maintenance Agreement and the Note Purchase Agreement, forms of 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.

General

The Equipment Notes will be issued in two series: the Series G Equipment Note and the Series B Equipment Note (each, a Series of Equipment Notes and, collectively, the Equipment Notes). The Equipment Notes will be full recourse obligations of Continental.

On the Issuance Date, the Trustees will use the proceeds from the sale of the Certificates to purchase the Equipment Notes pursuant to the Note Purchase Agreement, among Continental, Wilmington Trust Company, as mortgagee (the Mortgagee), the Trustees and the Subordination Agent (the Note Purchase Agreement). The Equipment Notes will be issued pursuant to the Trust Indenture and Mortgage between Continental and the Mortgagee (the Indenture), which provides for a lien on the Pledged Spare Parts and the other Collateral to secure Continental's obligations with respect to the Equipment Notes.

Principal and Interest Payments

Subject to the provisions of the Intercreditor Agreement, interest paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust at the rate per annum set forth on the cover page of this Prospectus Supplement with respect to Certificates issued by such Trust until the Final Expected Distribution Date. Interest will be payable on the unpaid principal amount of each of the Series G Equipment Note and the Series B Equipment Note at the rate applicable to such Equipment Note on March 2, June 2, September 2 and December 2 of each year, commencing on September 2, 2006. Interest is calculated on the basis of the actual number of days elapsed over a 360-day year.

The entire principal amount of the Series G Equipment Note and the Series B Equipment Note is scheduled to be paid on the Final Expected Distribution Date.

Subject to the provisions of the Intercreditor Agreement, principal paid on the redemption of the Equipment Note held in each Trust will be passed through to the Certificateholders of such Trust when paid. See Optional Redemption.

If any date scheduled for a payment of principal, Premium (if any), Break Amount (if any) or interest with respect to the Equipment Notes is not a Business Day, such payment will be made on the next succeeding Business Day, and interest shall be added for such additional period.

Determination of LIBOR

LIBOR (LIBOR) for the period commencing on and including the Issuance Date and ending on but excluding the first Regular Distribution Date (the Initial Interest Period and an Interest Period) will be determined on the second Business Day preceding the Issuance Date as the rate for deposits in U.S. dollars for a period of three months that appears on the display designated as page 3750 on the Telerate Monitor.

For the purpose of calculating LIBOR for each subsequent period from and including a Regular Distribution Date to but excluding the next succeeding Regular Distribution Date (each, also an Interest Period), Continental will enter into a Reference Agency Agreement (the Reference Agency Agreement) with Wilmington Trust Company, as reference agent (the Reference Agent) and the Subordination Agent. The Reference Agent will determine LIBOR for each Interest Period following the Initial Interest Period, on a date (the Reference Date) that is two London banking days (meaning days on which commercial banks are open for general business in London, England) before the Regular Distribution Date on which such Interest Period commences.

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On each Reference Date, the Reference Agent will determine LIBOR as the rate for deposits in U.S. dollars for a period of three months that appears on the display designated as page 3750 on the Telerate Monitor (or such other page or service as may replace it) as of 11:00 a.m. (London time).

If the rate determined as described in the foregoing paragraph does not appear on the Telerate Page 3750, the Reference Agent will determine LIBOR on the basis of the rates at which deposits in U.S. Dollars are offered by certain reference banks as described in the Reference Agency Agreement at approximately 11:00 a.m., London time, on the Reference Date for such Interest Period to prime banks in the London interbank market for a period of three months commencing on the first day of such Interest Period and in an amount that is representative for a single transaction in the London interbank market at the relevant time. The Reference Agent will request the principal London office of each of the reference banks to provide a quotation of its rate. If at least two such quotations are provided, the rate for that Interest Period will be the arithmetic mean of the quotations. If fewer than two quotations are provided, the interest rate for the next Interest Period shall be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Reference Agent in good faith and in a commercially reasonable manner, at approximately 11:00 a.m., New York City time, on the first day of such Interest Period for loans in U.S. Dollars to leading European banks for a period of three months commencing on the first day of such Interest Period and in an amount that is representative for a single transaction in the New York market at the relevant time, except that, if the banks so selected by the Reference Agent are not quoting as mentioned above, LIBOR shall be the floating rate of interest in effect for the last preceding Interest Period.

The Reference Agent's determination of LIBOR (in the absence of negligence, willful default, bad faith or manifest error) will be conclusive and binding upon all parties.

As promptly as is practicable after the determination thereof, the Reference Agent will give notice of its determination of LIBOR for the relevant Interest Period 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.

Continental reserves the right to terminate the appointment of the Reference Agent at any time on 30 days' notice and to appoint a replacement reference agent in its place. Notice of any such termination will be given to the holders of the Certificates. The Reference Agent may not be removed or resign its duties without a successor having been appointed.

Break Amount

Break Amount means, as of any date of payment, redemption or acceleration for any Equipment Note (the Applicable Date), an amount determined by the Reference Agent on the date that is two Business Days prior to the Applicable Date pursuant to the formula set forth below.

The Break Amount as of any Applicable Date will be calculated as follows:

$$\text{Break Amount} = Z - Y$$

Where:

- X = with respect to any applicable Interest Period, the sum of (i) the amount of the outstanding principal amount of such Equipment Note as of the first day of the then applicable Interest Period and (ii) interest payable thereon during such entire Interest Period at then effective LIBOR.

- Y = X, discounted to present value from the last day of the then applicable Interest Period to the Applicable Date, using then effective LIBOR as the discount rate.
- Z = X, discounted to present value from the last day of the then applicable Interest Period to the Applicable Date, using a rate equal to the applicable London interbank offered rate for a period commencing on the Applicable Date and ending on the last day of the then applicable Interest Period, determined by the Reference Agent as of two Business Days prior to the Applicable Date, as the discount rate.

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No Break Amount will be payable (x) if the Break Amount, as calculated pursuant to the formula set forth above, is equal to or less than zero or (y) on or in respect of any Applicable Date that is a Regular Distribution Date.

Optional Redemption

The Equipment Notes may be redeemed at any time, in whole or (so long as no Payment Default has occurred and is continuing) in part by the Company at its sole option, except that no Equipment Notes may be redeemed by the Company prior to the third anniversary of the Issuance Date (other than 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 for any such optional redemption will equal the sum of 100% of the principal amount of the redeemed portion of the Equipment Notes as of the date of redemption, plus accrued and unpaid interest thereon and Break Amount, if any, with respect thereto.

In addition, if a Series B Equipment Note is redeemed on or after the third anniversary and before 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), such redemption price will include a premium (the Premium) equal to the following percentage of the principal amount of such Equipment Note to be 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 (see Collateral Fleet Reduction below), the redemption price will include a premium (also 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 Policy Provider Obligations have not been paid in full, unless the Controlling Party shall otherwise agree, no 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. (Indenture, Section 2.11)

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.

Collateral

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

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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 engine utilized on any such aircraft (collectively, the Qualified Spare Parts);

together with certain records relating to such spare parts, certain rights of Continental with respect to such spare parts and certain proceeds of the foregoing (collectively, the Collateral). 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 if a spare part is not located at a Designated Location. (Indenture, Granting Clause) Spare engines are not included in the Collateral.

Continental will grant a security interest in the Collateral pursuant to the Indenture. In addition, on the Issuance Date, Continental will enter into a Collateral Maintenance Agreement (the Collateral Maintenance Agreement and, together with the Note Purchase Agreement, the Indenture and the Equipment Notes, the Operative Agreements) with the Policy Provider and the Mortgagee, providing for appraisal reports and certain other requirements with respect to the Collateral. The following summarizes certain provisions of the Indenture and Collateral Maintenance Agreement relating to the spare parts included in the Collateral (the Pledged Spare Parts).

Appraisals and Maintenance of Ratios

Continental is required to furnish to the Policy Provider, the Trustees and the Rating Agencies by the tenth Business Day of April and the tenth Business Day of October in each year, commencing in October 2006, so long as the Equipment Notes of any Series are outstanding, a certificate of an independent appraiser. Such certificates are required to state such appraiser's opinion of the fair market value of the Collateral and Rotables included in the Collateral, determined on the basis of a hypothetical sale negotiated in an arm's length free market transaction between a willing and able seller and a willing and able buyer, neither of whom is under undue pressure to complete the transaction, under then current market conditions (the Fair Market Value). This appraisal will not apply to any cash or permitted investment securities (the Cash Collateral) then held as collateral for the Equipment Notes, and any such securities will be valued by the Trustees in accordance with customary financial market practices. Such valuations will then be used to calculate the following:

the Senior Collateral Ratio applicable to the Series G Equipment Note, which shall mean a percentage determined by dividing (i) the aggregate outstanding principal amount of the Series G Equipment Note minus the sum of the Cash Collateral, if any, held by the Mortgagee by (ii) the Fair Market Value of all Collateral (excluding any Cash Collateral) as set forth in such independent appraiser's certificate;

the Subordinated Collateral Ratio applicable to the Series B Equipment Note, which shall mean a percentage determined by dividing (i) the aggregate outstanding principal amount of the Series G Equipment Note and of the Series B Equipment Note minus the sum of the Cash Collateral, if any, held by the Mortgagee by (ii) the Fair Market Value of all Collateral (excluding any Cash Collateral) as set forth in such independent appraiser's certificate; and

the Rotable Ratio applicable to the Series G Equipment Note, which shall mean a percentage determined by dividing (i) the Fair Market Value of the Rotables as set forth in such independent appraiser's certificate by (ii) the aggregate outstanding principal amount of the Series G Equipment Note minus the sum of the Cash Collateral, if any, held by the Mortgagee.

The calculation of the Senior Collateral Ratio, the Subordinated Collateral Ratio (together, the Collateral Ratios) and the Rotable Ratio will be set forth in a certificate provided by Continental. (Collateral Maintenance Agreement, Article 2)

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If the Senior Collateral Ratio as so determined is greater than 45.0% or the Subordinated Collateral Ratio as so determined is greater than 75.0%, Continental will be required, within 90 days after the date of Continental's certificate calculating such Collateral Ratios, to:

subject to the lien of the Indenture additional Qualified Spare Parts;

subject to the lien of the Indenture spare parts (including appliances) first placed in service after October 22, 1994, and owned by Continental appropriate for installation on or use in any Boeing model 787 aircraft, any engine utilized on any such aircraft or any other spare part included in the Collateral (787 Spare Parts) (in the first instance of adding 787 Spare Parts, subject to the approval of the Policy Provider);

grant a security interest in other property to secure the Equipment Notes for the benefit of the Mortgagee (which thereafter will be included as Collateral for purposes of the Equipment Notes), but only if the Policy Provider agrees and Continental shall have received written confirmation from each nationally recognized rating agency then rating the Class G Certificates or the Class B Certificates at Continental's request (a Rating Agency) that the use of such additional collateral and the related agreements to reduce the Collateral Ratios will not result in a reduction of the rating for the Class G Certificates or the Class B Certificates below the then current rating for such Certificates (such rating in the case of the Class G Certificates determined without regard to the Policy) or a withdrawal or suspension of the rating of such Certificates;

provide Cash Collateral to the Mortgagee under the Indenture (provided that if Continental's cash, cash equivalents and certain other marketable securities as of the applicable determination date was less than \$600,000,000, then the total amount of Cash Collateral may not exceed \$20,000,000);

redeem the Equipment Notes in whole or in part (provided that, in the case of the Series B Equipment Note, any such redemption before the fifth anniversary of the Issuance Date may be made only to the extent necessary to satisfy the applicable Collateral Ratio requirement); or

any combination of the foregoing;

such that the Senior Collateral Ratio and the Subordinated Collateral Ratio, as recalculated giving effect to such action (but otherwise using the information most recently used to determine such Collateral Ratios), would not be greater than the applicable maximum percentage. (Collateral Maintenance Agreement, Section 3.1(a))

If the Rotable Ratio as so determined is less than 150.0%, Continental will be required, within 90 days after the date of Continental's certificate calculating such Rotable Ratio, to:

subject to the lien of the Indenture additional Rotables constituting Qualified Spare Parts;

subject to the lien of the Indenture additional Rotables constituting 787 Spare Parts (in the first instance of adding 787 Spare Parts, subject to the approval of the Policy Provider);

provide additional Cash Collateral to the Mortgagee under the Indenture (provided that if Continental's cash, cash equivalents and certain other marketable securities as of the applicable determination date was less than \$600,000,000, then the total amount of Cash Collateral may not exceed \$20,000,000);

redeem the Equipment Notes in whole or in part (provided that, in the case of the Series B Equipment Note, any such redemption before the fifth anniversary of the Issuance Date may be made only to the extent necessary to satisfy the Rotable Ratio requirement); or

any combination of the foregoing;

such that the Rotable Ratio, as recalculated giving effect to such action (but otherwise using the information most recently used to determine such Rotable Ratio), would not be less than the applicable minimum percentage. (Collateral Maintenance Agreement, Section 3.1(b))

If Continental provides additional Cash Collateral to comply with any such maximum Collateral Ratio or minimum Rotable Ratio requirement, it must, within 90 days after providing such Cash Collateral, take additional action (other than providing Cash Collateral) to cause the Collateral Ratios and Rotable Ratio (calculated to exclude

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such Cash Collateral) to comply with the applicable maximum and minimum percentage. (Collateral Maintenance Agreement, Section 3.1(e))

If the Senior Collateral Ratio and Subordinated Collateral Ratio are less than the applicable maximum percentage and the Rotable Ratio is greater than the applicable minimum percentage, in each case as most recently determined as described above, and the Mortgagee held Cash Collateral as of the relevant determination date, Continental may withdraw Cash Collateral in excess of the amount necessary to comply with such ratios. (Indenture, Section 3.06(b)) In such case, so long as no Indenture Default or any of certain other specified defaults is then continuing, the Mortgagee will pay to Continental an amount of Cash Collateral such that the Senior Collateral Ratio and the Subordinated Collateral Ratio would not be greater than the applicable maximum percentage and the Rotable Ratio would not be less than the applicable minimum percentage.

Continental is required to furnish to the Policy Provider and the Mortgagee, within ten Business Days after each January 1 and July 1, commencing with January 1, 2007, a report providing certain information regarding the quantity of Pledged Spare Parts included in the Collateral and compliance with certain requirements of the Collateral Maintenance Agreement. (Collateral Maintenance Agreement, Section 2.3)

Fleet Reduction

The Collateral Maintenance Agreement requires that the Equipment Notes be redeemed if the total number of aircraft of any of the five aircraft model groups listed below in Continental's in-service fleet during any period of 60 consecutive days is less than the minimum specified below for such group (other than due to restrictions on operating such aircraft imposed by the FAA or any other U.S. Government agency):

Aircraft Model	Minimum
Boeing 737-300 and Boeing 737-500 Aircraft	40 Aircraft
Boeing 737-700, Boeing 737-800 and Boeing 737-900 Aircraft	63 Aircraft
Boeing 757-200 and Boeing 757-300 Aircraft	23 Aircraft
Boeing 767-200 and Boeing 767-400 Aircraft	13 Aircraft
Boeing 777-200 Aircraft	9 Aircraft

If any of the foregoing specified minimums is not so satisfied with respect to any aircraft model group, then within 90 days after such occurrence, Continental must partially redeem the Series G Equipment Note in a percentage of the outstanding principal amount of the Series G Equipment Note determined by dividing the appraised value of the Pledged Spare Parts that are appropriate for installation on, or use in, only the aircraft of such model group, or the engines utilized only on such aircraft, by the appraised value of the Collateral. In addition, Continental must partially redeem the Series B Equipment Note in the same percentage of the outstanding principal amount of the Series B Equipment Note. (Collateral Maintenance Agreement, Section 3.3)

Liens

Continental is required to maintain the Collateral free of any liens, other than the rights of the Mortgagee and Continental arising under the Indenture or the other operative documents related thereto, and other than certain limited liens permitted under such documents, including but not limited to (i) liens for taxes either not yet due or being contested in good faith by appropriate proceedings; (ii) materialmen's, mechanics' and other similar liens arising in the ordinary course of business that either are not yet delinquent for more than 60 days or are being contested in good faith by appropriate proceedings; (iii) judgment liens so long as such judgment is discharged or vacated within

60 days or the execution of such judgment is stayed pending appeal or discharged, vacated or reversed within 60 days after expiration of such stay; and (iv) any other lien as to which Continental has provided a bond or other security adequate in the reasonable opinion of the Mortgagee; provided that in the case of each of the liens described in the foregoing clauses (i), (ii) and (iii), such liens and proceedings do not involve any material risk of the sale, forfeiture or loss of the Pledged Spare Parts or the interest of the Mortgagee therein or impair the lien of the Indenture. (Indenture, Section 4.02)

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Maintenance

Continental is required to maintain the Pledged Spare Parts in good working order and condition, excluding (i) Pledged Spare Parts that have become worn out or unfit for use and not reasonably repairable or obsolete, (ii) Pledged Spare Parts that are not required for Continental's normal operations and (iii) expendable parts that have been consumed or used in Continental's operations. In addition, Continental must maintain all records, logs and other materials required by the FAA or under the Federal Aviation Act to be maintained in respect of the Pledged Spare Parts. (Indenture, Section 4.03)

Use and Possession

Continental has the right to deal with the Pledged Spare Parts in any manner consistent with its ordinary course of business. This includes the right to install on, or use in, any aircraft, engine or Qualified Spare Part leased to or owned by Continental any Pledged Spare Part, free from the lien of the Indenture. (Indenture Section 4.04)

Continental may not sell, lease, transfer or relinquish possession of any Pledged Spare Part without the prior written consent of the Policy Provider, except as permitted by the Indenture or the Collateral Maintenance Agreement. (Indenture, Section 4.04(c)) So long as no Event of Default has occurred and is continuing, Continental may sell, transfer or dispose of Pledged Spare Parts free from the Lien of the Indenture. (Indenture, Section 4.04) However, as of any date during the period between the dates of independent appraiser's certificates delivered pursuant to the Collateral Maintenance Agreement, the aggregate appraised value of all Pledged Spare Parts (x) previously during such period sold, transferred or disposed of (with certain exceptions) may not exceed 3% of the appraised value of the Collateral, (y) then subject to leases or loans may not exceed 3% of the appraised value of the Collateral or (z) previously during such period moved from a Designated Location to a location that is not a Designated Location (with certain exceptions) may not exceed 3% of the appraised value of the Collateral. (Collateral Maintenance Agreement, Section 3.2) Such restrictions may be waived by the Policy Provider, so long as after giving effect to a transaction permitted as a result of such waiver the Subordinated Collateral Ratio (using the information most recently used to determine such ratio) would not be greater than 75.0%. (Collateral Maintenance Agreement, Section 4.4)

In the ordinary course of business, Continental may transfer possession of any Pledged Spare Part to the manufacturer thereof or any other organization for testing, overhaul, repairs, maintenance, alterations or modifications or to any person for the purpose of transport to any of the foregoing. In addition, Continental may dismantle any Pledged Spare Part that has become worn out or obsolete or unfit for use and may sell or dispose of any such Pledged Spare Part or any salvage resulting from such dismantling, free from the lien of the Indenture. Continental also may subject any Pledged Spare Part to a pooling, exchange, borrowing or maintenance servicing agreement arrangement customary in the airline industry and entered into in the ordinary course of business; provided, however, that if Continental's title to any such Pledged Spare Part shall be divested under any such agreement or arrangement, such divestiture shall be deemed to be a sale with respect to such Pledged Spare Part. (Indenture, Section 4.04(c))

So long as no Event of Default shall have occurred and be continuing, Continental may enter into a lease with respect to any Pledged Spare Part to any U.S. air carrier that is not then subject to any bankruptcy, insolvency, liquidation, reorganization, dissolution or similar proceeding and shall not have substantially all of its property in the possession of any liquidator, trustee, receiver or similar person. In the case of any such lease, Continental will include in such lease appropriate provisions which (i) make such lease expressly subject and subordinate to all of the terms of the Indenture, including the rights of the Mortgagee to avoid such lease in the exercise of its rights to repossession of the Pledged Spare Parts thereunder; (ii) require the lessee to comply with the insurance requirements of the Indenture; and (iii) require that the Pledged Spare Parts subject thereto be used in accordance with the limitations applicable to Continental's use, possession and location of such Pledged Spare Parts provided in the Collateral Maintenance Agreement and the Indenture (including, without limitation, that such Pledged Spare Parts be kept at one or more

Designated Locations). (Indenture, Section 4.04(d))

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Designated Locations

Continental is required to keep the Pledged Spare Parts at one or more of the designated locations specified in the Indenture or added from time to time by Continental in accordance with the Indenture (the Designated Locations), except as otherwise permitted under the Indenture and Collateral Maintenance Agreement. (Indenture, Section 4.04(b)) Continental will be entitled to hold Qualified Spare Parts at locations other than Designated Locations. The lien of the Indenture will not apply to any spare part not located at a Designated Location.

Insurance

Continental is required to maintain insurance covering physical damage to the Pledged Spare Parts. Such insurance must provide for the reimbursement of Continental's expenditure in repairing or replacing any damaged or destroyed Pledged Spare Part. If any such Pledged Spare Part is not repaired or replaced, such insurance must provide for the payment of the amount it would cost to repair or replace such Pledged Spare Part, on the date of loss, with proper deduction for obsolescence and physical depreciation. However, after giving effect to self-insurance permitted as described below, the amounts payable under such insurance may be less.

All insurance proceeds paid under such policies as a result of the occurrence of an Event of Loss with respect to any Pledged Spare Parts involving proceeds in excess of \$2 million, up to 110% of the outstanding principal amount of the Equipment Notes (the Debt Balance), will be paid to the Mortgagee. The entire amount of any insurance proceeds not involving an Event of Loss with respect to any Pledged Spare Parts or involving proceeds of \$2 million or less, and the amount of insurance proceeds in excess of the Debt Balance, will be paid to Continental so long as no Payment Default, Event of Default or Continental Bankruptcy Event shall be continuing. For these purposes, Event of Loss means, with respect to any Pledge Spare Part, its destruction, damage beyond economic repair, damage that results in the receipt of insurance proceeds on the same basis as destruction, loss of possession by Continental for 90 consecutive days as a result of theft or disappearance or requisition by a government entity (other than the U.S. government) for more than 180 days. Any such proceeds held by the Mortgagee will be disbursed to Continental to reimburse it for the purchase of additional Qualified Spare Parts after the occurrence of such Event of Loss. In addition, such proceeds will be disbursed to Continental to the extent it would not cause the Collateral Ratios, as subsequently determined, to exceed the applicable maximum percentages.

Continental is also required to maintain third party liability insurance with respect to the Pledged Spare Parts, in an amount and scope as it customarily maintains for equipment similar to the Pledged Spare Parts.

Continental may self-insure the risks required to be insured against as described above in such amounts as shall be consistent with normal industry practice. (Indenture, Annex B)

Limitation of Liability

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

Indenture Defaults, Notice and Waiver

Indenture Defaults will include:

The failure by Continental to pay any interest, principal, Break Amount, if any, or Premium, if any, when due (including when due in connection with an optional redemption), under the Indenture or under any Equipment

Note that continues for more than ten Business Days, or failure to pay any other amount payable by it under the Indenture or Note Purchase Agreement when due, which continues for a period in excess of ten Business Days after Continental receives written demand from the Mortgagee or holder of an Equipment Note (without giving effect to such notice or grace period provisions, a Payment Default).

Any representation or warranty made by Continental in such Indenture or certain related documents furnished to the Mortgagee or any holder of an Equipment Note pursuant thereto being false or incorrect in

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any material respect when made that continues to be material and adverse to the interests of the Mortgagee or holder of an Equipment Note and remains unremedied after notice and specified cure periods.

Failure by Continental to carry required insurance, which continues unremedied for a period of 30 days.

Failure by Continental to add collateral or redeem Equipment Notes if a semiannual Collateral Ratio or Rotable Ratio requirement is not satisfied within the relevant time period specified in the Collateral Maintenance Agreement or to redeem the Series G Equipment Note when required as a result of certain reductions in Continental's aircraft fleet.

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

The occurrence of certain events of bankruptcy, reorganization or insolvency of Continental (each, a Continental Bankruptcy Event). (Indenture, Section 5.01)

The holders of a majority in principal amount of the outstanding Equipment Notes, by notice to the Mortgagee, may on behalf of all the holders waive any existing default and its consequences under the Indenture, except a default in the payment of the principal of, or Premium, Break Amount or interest on, any such Equipment Notes or a default in respect of any covenant or provision of the Indenture that cannot be modified or amended without the consent of each holder of Equipment Notes. (Indenture, Section 5.06) See Description of the Intercreditor Agreement Voting of Equipment Notes regarding the persons entitled to direct the vote of Equipment Notes.

Remedies

If an Indenture Default (other than a Continental Bankruptcy Event) occurs and is continuing, the Mortgagee or the holders of a majority in principal amount of the Equipment Notes outstanding may declare the principal of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon and Break Amount, if any. If a Continental Bankruptcy Event occurs, such amounts shall be due and payable without any declaration or other act on the part of the Mortgagee or holders of Equipment Notes. The holders of a majority in principal amount of Equipment Notes; \$5,585,634

Mr. Crocitto

Amounts payable in full on indicated date of termination:

Severance Salary component

\$0 \$0 \$0 \$545,750 \$1,557,000

Severance Non-equity incentive

0 0 0 0 530,250

Restricted stock awards

257,767 0 0 0 257,767

Stock options

0 0 0 0 0

Welfare benefits continuation

55,661 0 0 55,661 55,661

Parachute Penalty Tax gross-up

N/A N/A N/A N/A 1,900,375

Sub Total

313,428 0 601,411 4,301,053

Present value of annuities commencing on indicated date of termination:

Benefit equalization plan

1,577,057 1,577,057 1,577,057 1,577,057 3,202,291

Pension plan

541,237 541,237 541,237 541,237 541,237

Total

\$2,431,722 \$2,118,294 \$2,118,294 \$2,719,705 \$8,044,581

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Executive Benefits and Payments Upon Termination	Death	Dismissal for Cause	Retirement or Resignation	Dismissal Without Cause	Dismissal Without Cause or Resignation for Good Reason (Following a Change-in-Control)
Mr. Engel					
Amounts payable in full on indicated date of termination:					
Severance Salary component	\$ 0	\$ 0	\$ 0	\$ 440,000	\$ 1,314,000
Severance Non-equity incentive	0	0	0	0	405,000
Restricted stock awards	156,691	0	0	0	156,691
Stock options	0	0	0	0	0
Welfare benefits continuation	35,744	0	0	35,744	35,744
Parachute Penalty Tax gross-up	N/A	N/A	N/A	N/A	937,359
Sub Total	192,435	0	0	475,744	2,848,794
Present value of annuities commencing on indicated date of termination:					
Benefit equalization plan	608,256	608,256	608,256	608,256	943,582
Pension plan	394,652	394,652	394,652	394,652	394,652
Total	\$ 1,195,343	\$ 1,002,908	\$ 1,002,908	\$ 1,478,652	\$ 4,187,028
Mr. Meyer					
Amounts payable in full on indicated date of termination:					
Severance Salary component	\$ 0	\$ 0	\$ 0	\$ 465,000	\$ 1,392,000
Severance Non-equity incentive	0	0	0	0	405,000
Restricted stock awards	165,535	0	165,535	0	165,535
Stock options	0	0	0	0	0
Welfare benefits continuation	21,089	0	0	21,089	21,089
Parachute Penalty Tax gross-up	N/A	N/A	N/A	N/A	869,552
Sub Total	186,624	0	165,535	486,089	2,853,176
Present value of annuities commencing on indicated date of termination:					
Benefit equalization plan	866,128	866,128	866,128	866,128	1,117,160
Pension plan	415,940	415,940	415,940	415,940	415,940
Total	\$ 1,468,692	\$ 1,282,068	\$ 1,447,603	\$ 1,768,157	\$ 4,386,276

N/A Not applicable (a parachute penalty tax gross up is payable only upon a change-in-control).

* Upon death, 12 months salary, offset by qualified and non-qualified retirement benefits payable in 12 months following death.

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**COMPENSATION COMMITTEE INTERLOCKS AND
INSIDER PARTICIPATION**

The members of the Compensation and Human Resources Committee are Messrs. Gerald Korde, Andrew B. Abramson, Eric P. Edelstein, Michael LaRusso, Robinson Markel (until the date of the Annual Meeting), Barnett Rukin and Suresh L. Sani. Except for Mr. LaRusso and Mr. Markel, all of the other members of the Compensation and Human Resources Committee, or their affiliates, have engaged in loan transactions with the Bank, as discussed below, in Certain Transactions with Management. No other relationships required to be reported under the rules promulgated by the Securities and Exchange Commission exist with respect to members of our Compensation and Human Resources Committee.

CERTAIN TRANSACTIONS WITH MANAGEMENT

POLICY AND PROCEDURES FOR REVIEW, APPROVAL OR RATIFICATION OF RELATED PERSON TRANSACTIONS. Our related person transaction practices and policies between Valley or any of its subsidiaries and an executive officer, director or an immediate family member are currently governed by the company's Code of Conduct and Ethics (Code of Conduct). The Code of Conduct is available under our website and can be viewed at www.valleynationalbank.com/charters. In the ordinary course of business, directors (or their immediate family members or a business in which the director or his or her immediate family member is a partner, director, shareholder or executive officer) may provide services to Valley or to customers of the Bank. We require our directors and executive officers to complete a questionnaire, annually, to provide information specific to related party transactions.

Once we become aware of a proposed or a recurring transaction with a related party, it is referred to the CEO or CFO for consideration to determine whether the related party transaction should be allowed; whether it poses a conflict of interest; whether it should be terminated or modified. A transaction shall be consummated or shall continue only if the Audit and Risk Committee approves, or ratifies after the fact, the transaction in accordance with the guidelines set forth under the policy and if the transaction is on substantially the same terms to those that could be obtained in arm's length dealings with an unrelated third party; or the transaction is approved by the disinterested members of the Board of Directors; or, a transaction involving compensation, is approved by Valley's Compensation and Human Resources Committee. Any material related person transaction will be disclosed to the full Board of Directors.

TRANSACTIONS. The Bank has made loans to its directors and executive officers and their associates and, assuming continued compliance with generally applicable credit standards, it expects to continue to make such loans. All of these loans (i) were made in the ordinary course of business, (ii) were made on the same terms, including interest rates and collateral as those available to other persons not related to Valley, and (iii) did not involve more than the normal risk of collectibility or present other unfavorable features.

During 2011, Valley and its customers made payments to entities with which at least one director is affiliated; except as indicated, the payments were less than 5% of the entity's gross revenue. Each of the following payments were approved by the Audit and Risk Committee and the Board during 2011, as required under our Code of Conduct.

During 2011, Valley and its customers made payments totaling \$226,264 (more than 5% of entity's gross revenue) for legal services to a law firm in which director Graham O. Jones is the sole equity partner.

The \$226,264 total represented approximately 20% of gross income of Jones & Jones in 2011.

The fees paid by Valley to Jones & Jones are for loan closings or collection proceedings. There is no similarity between the legal services of Jones & Jones provided to Valley or its borrowers and the services provided by Graham O. Jones to Valley as director.

With respect to the computation of the legal fees, those fees are substantially the same as those prevailing for other professionals with the same level of experience. With respect to loan closings, Valley sets the fees to be paid by a borrower when Jones & Jones acts as its review counsel in commercial real estate loan transactions which fees are subject to the approval of the borrower. In collection actions, this fee must be reasonable. Valley currently maintains relationships with 87 legal firms used for loan closings and loan collection efforts and Jones and Jones' fees are comparable.

\$51,489 for legal services to a law firm to which director Robinson Markel was Of Counsel during 2011.

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\$70,401 for legal services to a law firm of which director Richard Miller is President.

During 2011, Valley made payments totaling \$1,005,545 (more than 5% of entity's gross revenue) for fees pursuant to a long-standing consulting agreement with MG Advisors, Inc. MG Advisors is 100% owned by Michael Guilfoile, the spouse of Mary Guilfoile. In 2011, the \$1,005,545 payment represented approximately 56% of its gross revenues. This income from MG Advisors is not material to the overall financial position of Mr. Guilfoile or Ms. Guilfoile.

These fees paid are considered comparable, and probably lower than other professional fees which are available to Valley. Mr. Guilfoile's 34 years of consulting and investment banking experience in the financial services sector and his knowledge of Valley through his over 25 year association with the Company is the basis for the Board's belief that it would be difficult to obtain as high a level of expertise as Mr. Guilfoile relative to the fees charged by his firm.

The fees paid by Valley to MG Advisors are comprised of two separate services provided to Valley. First, an advisory fee in the amount of \$900,000 was paid for advisory services in Valley's acquisition of State Bancorp, Inc. during the first quarter of 2012. Second, fees are paid for the monthly service retainer of MG Advisor's President, Michael Guilfoile, who is available to all senior management and the board of directors on consulting or advisory matters to the Bank for strategic advisory matters, merger and acquisition prospective items, and other financial transactions related to the Bank's activities. Mary Guilfoile, the spouse of Mr. Guilfoile, does not provide any advice to Valley through MG Advisors. Michael Guilfoile has been an advisor to Valley since 1984 and MG Advisors commenced its relationship with Valley in 1993, its year of origin. Ms. Guilfoile joined the Valley Board in 2003 after serving in various full time positions in the financial services industry, most recently as Treasurer of JP Morgan Chase. There is no similarity between the advisory services of MG Advisors provided to Valley and the services provided by Ms. Guilfoile to Valley as director. Mr. Guilfoile does not discuss or separately share his advice concerning Valley with his spouse in any context except Valley Board meetings.

In 2001, Valley National Bank purchased \$150 million of bank-owned life insurance (BOLI) from a nationally known life insurance company after a lengthy competitive selection process and substantial negotiations over policy costs and terms. The amount of the premiums and the terms of the policies are substantially the same as those prevailing for comparable policies with insurance companies and brokers not related to Valley. During 2007, the Bank purchased \$75 million of additional BOLI from the same life insurance company. This purchase was also completed after a competitive selection process with other vendors. The son-in-law of Mr. Lipkin, is a licensed insurance broker who introduced us to the program offered by this nationally recognized life insurance company. Mr. Lipkin's son-in-law was introduced to an insurance broker for the life insurance company sometime in 2000 or 2001 by a mutual friend. The son-in-law introduced the broker to Valley National Bank and provided assistance during the BOLI proposal and selection process. Additionally, as is customary among brokers who introduce a client to another broker, Mr. Lipkin's son-in-law would receive future commissions (with a percentage dollar amount and time period for payment which are each typical for such referral services) for the life of the policy if the life insurance company was chosen.

Mr. Lipkin was not involved with the selection and the decision-making process for the BOLI purchased by Valley. The commission payments were approved by the Audit and Risk Committee of the Board each applicable calendar year.

In 2011, Mr. Lipkin's son-in-law received \$54,383 in insurance commissions relating to the Bank's BOLI purchases, pursuant to an arrangement he entered into with the insurance broker associated with the insurance company. The aggregate amount of commissions paid to date (from 2001 to 2011) to the son-in-law totaled \$608,220 and the anticipated aggregate amount of commissions he will receive over the next 15 years is approximately \$395,000 (the compensation was structured as a declining revenue stream; for example, he would earn \$11,000 in year 2025).

\$392,000 in lease payments to Anjo Realty, LLC in 2011. Mr. Soldoveri owns 25% of the limited liability company interests of Anjo Realty LLC and his father owns 26%. Anjo Realty LLC is the landlord for Valley's branch and offices in Totowa, New Jersey. This amount represented 24% of the gross income of Anjo Realty, LLC in 2011. Valley's Board has determined that the terms of the lease were no less favorable to the Bank that could have been obtained from an unaffiliated third party.

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In addition, in connection with the merger of State Bancorp into Valley, effective January 1, 2012, Valley assumed the lease for a branch in Westbury, New York. The lease provides for fixed rental payments of approximately \$190,000 per year with no additional rent, such as real estate taxes, insurance and parking lot maintenance. The lease may be terminated at any time by the landlord upon not less than 130 days written notice and the Bank would pay a termination fee if the lease is terminated between October 31, 2010 and November 1, 2014, on a declining scale from \$50,000 to \$0. The landlord, Westbury Plaza Associates, L.P., is a limited partnership which is beneficially owned and controlled by Mr. Wilks spouse through the estate of Mr. Wilks father-in-law and a trust for the benefit of Mr. Wilks spouse. In 2011, State Bank paid approximately \$190,000 to the landlord. This amount represented approximately 10% of the gross revenue of Westbury Plaza Associates, L.P. in 2011.

Valley's Board has determined that the terms of the lease were no less favorable to the Bank that could have been obtained from an unaffiliated third party. This transaction was approved by the Audit and Risk Committee of the Board, as required under our Code of Conduct.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors, executive officers and any beneficial owners of more than 10% of our common stock to file reports relating to their ownership and changes in ownership of our common stock with the SEC and NYSE by certain deadlines. Based on information provided by our directors and executive officers (we have no 10% beneficial owners) and a review of the reports we have received, with the exception of Mrs. Bronander, a director and Mr. Eskow, an executive officer, and Steve Davey, each of whom failed to file a Form 4 on a timely basis, we believe our directors and executive officers complied with their Section 16(a) reporting requirements in 2011.

SHAREHOLDER PROPOSALS

New Jersey corporate law requires that the notice of shareholders' meeting (for either a regular or special meeting) specify the purpose or purposes of the meeting. Thus any substantive proposal, including shareholder proposals, must be referred to in our Notice of Annual Meeting of Shareholders in order for the proposal to be properly considered at a meeting of Valley.

Proposals of shareholders which are eligible under the rules of the SEC to be included in our year 2013 proxy material must be received by the Corporate Secretary of Valley National Bancorp no later than November 9, 2012. No other matters may be brought up at the annual meeting unless they appear in the Notice of Meeting.

If we change our 2013 annual meeting date to a date more than 30 days from the date of its 2012 annual meeting, then the deadline referred to in the preceding paragraph will be changed to a reasonable time before we begin to print and mail our proxy materials. If we change the date of our 2012 annual meeting in a manner that alters the deadline, we will so state under Part II Item 5 of the first quarterly report on Form 10-Q it files with the SEC after the date change, or will notify our shareholders by another reasonable method.

Pursuant to our By-laws, in order for a shareholder to nominate a person for election to the Board of Directors at the 2013 annual meeting, the shareholder must be entitled to vote at that meeting and must give timely written notice of that business to our Corporate Secretary. To be timely, such notice must be received by our Corporate Secretary at our Wayne, New Jersey office no earlier than December 19, 2012 and no later than January 18, 2013. In the event that our 2013 annual meeting is held more than 20 days before or more than 60 days after the anniversary of this year's meeting date, the notice must be received no earlier than 120 days before the date of the 2013 annual meeting and no later than the close of business on the later of (i) the 90th day before such annual meeting or (ii) the 10th day following the date on which public announcement of such annual meeting is first made by the Company. The notice must contain the information required by our By-laws.

OTHER MATTERS

The Board of Directors is not aware of any other matters that may come before the annual meeting. However, in the event such other matters come before the meeting, it is the intention of the persons named in the proxy to vote on any such matters in accordance with the recommendation of the Board of Directors.

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Shareholders are urged to sign the enclosed proxy and return it in the enclosed envelope or vote by telephone or internet. The proxy is solicited on behalf of the Board of Directors.

By Order of the Board of Directors,

Alan D. Eskow
Corporate Secretary

Wayne, New Jersey

March 9, 2012

A copy of our Annual Report on Form 10-K (without exhibits) for the year ended December 31, 2011 filed with the Securities and Exchange Commission will be furnished to any shareholder upon written request addressed to Dianne M. Grenz, First Senior Vice President, Valley National Bancorp, 1455 Valley Road, Wayne, New Jersey 07470. Our Annual Report on Form 10-K (without exhibits) is also available on our website at the following link: <http://www.valleynationalbank.com/filings.html>

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(\$ in millions)

Company (1)	Ticker	Revenue	Net Income (2)	Total Assets	MarketCap (3)
Associated Banc-Corp	ASBC	\$1,152	\$(1)	\$21,786	\$2,633
BancorpSouth Inc	BXS	847	23	13,615	1,332
Bank of Hawaii Corp	BOH	721	184	13,127	2,279
BOK Financial Corp	BOKF	1,372	247	23,942	3,636
Boston Private Finc 1 Hldgs	BPFH	362	(15)	6,153	502
Brookline Bancorp Inc	BRKL	135	27	2,721	641
Cathay General Bancorp	CATY	522	12	10,802	1,311
City Holding Co	CHCO	171	39	2,637	561
City National Corp	CYN	1,177	131	21,353	3,198
Columbia Banking System Inc	COLB	229	31	4,256	828
Community Bank System Inc	CBU	337	63	5,445	921
CVB Financial Corp	CVBF	374	63	6,437	918
East West Bancorp Inc	EWBC	1,112	165	20,701	2,893
First Commonwealth Finc 1 Corp	FCF	318	23	5,813	742
First Finc 1 Bancorp Inc	FFBC	489	59	6,250	1,073
First Finc 1 Bankshares Inc	FFIN	199	58	3,776	1,069
First Horizon National Corp	FHN	1,819	57	24,699	3,073
First Midwest Bancorp Inc	FMBI	433	(10)	8,147	853
First Republic Bank	FRC	1,152	271	22,378	3,752
Firstmerit Corp	FMER	754	103	14,137	2,153
F.N.B. Corp	FNB	490	75	8,960	1,126
Fulton Financial Corp	FULT	930	128	16,275	2,057
Glacier Bancorp Inc	GBCI	376	42	6,759	1,087
Hancock Holding Co	HBHC	490	52	8,138	1,374
Hudson City Bancorp Inc	HCBK	2,947	537	61,166	6,709
IBERIA BANK Corp	IBKC	526	49	10,027	1,589
MB Financial Inc	MBFI	553	21	10,320	934
National Penn Bancshares Inc	NPBC	481	21	8,845	1,097
Old National Bancorp	ONB	467	38	7,264	1,037
PacWest Bancorp	PACW	339	(62)	5,529	785
Park National Corp	PRK	423	74	7,298	1,114
Pinnacle Finc 1 Partners Inc	PNFP	240	(24)	4,909	457
PrivateBancorp Inc	PVTB	601	2	12,466	1,027
Prosperity Bancshares Inc	PB	438	128	9,477	1,833
Provident Finc 1 Svcs Inc	PFS	318	50	6,825	913
S&T Bancorp Inc	STBA	228	43	4,114	629
Signature Bank	SBNY	509	102	11,673	2,053
Susquehanna Bancshares Inc	SUSQ	765	32	13,954	1,256
SVb Financial Group	SIVB	709	95	17,528	2,228
Synovus Financial Corp	SNV	1,626	(834)	30,093	2,073
TCF Financial Corp	TCB	1,508	147	18,465	2,113
Texas Capital Bancshares Inc	TCBI	312	37	6,446	785
Trustmark Corp	TRMK	574	101	9,554	1,587
UMB Financial Corp	UMBF	707	91	12,405	1,675
Umpqua Holdings Corp	UMPQ	558	28	11,669	1,395
United Bankshares Inc	UBSI	386	72	7,156	1,294
Webster Financial Corp	WBS	913	74	18,038	1,718
Westamerica Bancorporation	WABC	282	95	4,932	1,615
Wintrust Financial Corp	WTFC	741	63	13,980	1,135

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49 Companies

75th Percentile		\$ 765		\$ 95		\$ 14,137		\$ 2,057
Median		509		57		9,554		1,294
25th Percentile		362		27		6,437		921
Valley National Bancorp	VLV	768		131		14,144		2,306
Percentile Rank		75%		87%		75%		86%

Data Source: Standard & Poor's Research Insight

- (1) All companies have a December 31 fiscal year end
- (2) Before extraordinary items and discontinued operations
- (3) Market capitalization is as of 12/31/2010

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