

CONTINENTAL AIRLINES INC /DE/

Form 424B2

March 29, 2007

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**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities offered</b>	<b>Maximum aggregate offering price</b>	<b>Amount of registration fee</b>
Pass Through Certificates, Series 2007-1	\$ 1,146,810,000	\$ 35,208(1)

- (1) The filing fee of \$35,208 is calculated in accordance with Rule 457(r) of the Securities Act of 1933. Pursuant to Rule 457(p) under the Securities Act of 1933, a filing fee of \$38,013 has already been paid with respect to unsold securities that were previously registered pursuant to a Registration Statement on Form S-3 (No. 333-128289) filed by Continental Airlines, Inc. and is being carried forward. The filing fee of \$35,208 due for this offering is offset against the registration fee previously paid and \$2,805 remains available for future registration fees. No additional registration fee has been paid with respect to this offering.

**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-133187**

*PROSPECTUS SUPPLEMENT TO PROSPECTUS, DATED APRIL 10, 2006*

*\$1,146,810,000*

***2007-1 PASS THROUGH TRUSTS  
PASS THROUGH CERTIFICATES, SERIES 2007-1***

*Three classes of the Continental Airlines Pass Through Certificates, Series 2007-1, are being offered under this prospectus supplement: Class A, B and C. A separate trust will be established for each class of certificates. The proceeds from the sale of certificates will initially be held in escrow, and interest on the escrowed funds will be payable semiannually on April 19 and October 19, commencing October 19, 2007. The trusts will use the escrowed funds to acquire equipment notes. The equipment notes will be issued by Continental Airlines to finance its purchase of 30 new Boeing aircraft scheduled for delivery from January 2008 to March 2009. Payments on the equipment notes held in each trust will be passed through to the holders of certificates of such trust.*

*The equipment notes will have a security interest in each aircraft financed by the trusts. Interest on the equipment notes will be payable semiannually on each April 19 and October 19 after issuance. Principal payments on the equipment notes held for the Class A, B and C certificates are scheduled on April 19 and October 19 in certain years, beginning on April 19, 2010.*

*The Class A certificates will rank senior to the other certificates. The Class B certificates will rank junior to the Class A certificates and will rank senior to the Class C certificates. The Class C certificates will rank junior to the other certificates.*

*RZB Finance LLC will provide a liquidity facility for the Class A and B certificates, in each case in an amount sufficient to make three semiannual interest payments. The Class C certificates will not have the benefit of a liquidity facility.*

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

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

<i>Pass Through Certificates</i>	<i>Principal Amount</i>	<i>Interest Rate</i>	<i>Final Expected Distribution Date</i>	<i>Price to Public(1)</i>
<i>Class A</i>	<i>\$ 756,762,000</i>	<i>5.983 %</i>	<i>April 19, 2022</i>	<i>100%</i>
<i>Class B</i>	<i>221,850,000</i>	<i>6.903</i>	<i>April 19, 2022</i>	<i>100</i>
<i>Class C</i>	<i>168,198,000</i>	<i>7.339</i>	<i>April 19, 2014</i>	<i>100</i>

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

*The underwriters will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$1,146,810,000. Continental will pay the underwriters a commission of \$9,174,480. Delivery of the certificates in book-entry form only will be made on or about April 10, 2007.*

*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.*

*Joint Bookrunners and Joint Structuring Agents*

*MORGAN STANLEY*

*CREDIT SUISSE*

*Joint Lead Managers*

*Merrill Lynch & Co.*

*Citigroup*

*UBS Investment Bank*

*Co-Managers*

*Calyon Securities*

*JPMorgan*

*The date of this prospectus supplement is March 27, 2007.*

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

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

**Summary of Terms of Certificates**

	Class A Certificates	Class B Certificates	Class C Certificates
Aggregate Face Amount	\$756,762,000	\$221,850,000	\$168,198,000
Interest Rate	5.983%	6.903%	7.339%
Ratings:			
Moody's	Baa1	Ba2	B1
Standard & Poor's	A	BBB-	B+
Initial Loan to Aircraft Value (cumulative)(1)	48.2%	62.4%	73.1%
Highest Loan to Aircraft Value (cumulative)(2)	48.9%	63.3%	73.9%
Expected Principal Distribution Window (in years)	3.0-15.0	3.0-15.0	3.0-7.0
Initial Average Life (in years from Issuance Date)	12.0	10.0	5.0
Regular Distribution Dates	April 19 and October 19	April 19 and October 19	April 19 and October 19
Final Expected Distribution Date	April 19, 2022 October 19,	April 19, 2022	April 19, 2014
Final Maturity Date	2023	October 19, 2023	April 19, 2014
Minimum Denomination	\$1,000	\$1,000	\$1,000
Section 1110 Protection	Yes	Yes	Yes
Liquidity Facility Coverage	3 semiannual interest payments	3 semiannual interest payments	None

(1) These percentages are calculated assuming that the first 12 Boeing 737-824 aircraft of the 15 Boeing 737-824 aircraft and the first 18 Boeing 737-924ER aircraft of the 24 Boeing 737-924ER aircraft from which Continental may choose are financed hereunder and are determined as of April 19, 2009, the first Regular Distribution Date after such aircraft are scheduled to have been delivered. In calculating these percentages, we have assumed that all aircraft to be financed hereunder are delivered prior to such date and that the aggregate appraised value of such aircraft is \$1,568,874,300 as of such date. The appraised value is only an estimate and reflects certain assumptions. See *Description of the Aircraft and the Appraisals* The Appraisals .

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

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

The 30 Boeing aircraft to be financed pursuant to this offering will consist of 12 Boeing 737-824 aircraft and 18 Boeing 737-924ER aircraft. Such Boeing 737-824 and 737-924ER aircraft will be selected by Continental from among 15 Boeing 737-824 aircraft and 24 Boeing 737-924ER aircraft, respectively, which are scheduled for delivery from January 2008 to March 2009. See Description of the Aircraft and the Appraisals The Appraisals for a description of the 39 aircraft from which Continental will select the 30 aircraft that may be financed with the proceeds of this offering. Set forth below is certain information about the Equipment Notes expected to be held in the Trusts and the aircraft expected to secure such Equipment Notes (assuming for purposes of the chart below that the first 12 Boeing 737-824 aircraft of the 15 Boeing 737-824 aircraft and the first 18 Boeing 737-924ER aircraft of the 24 Boeing 737-924ER aircraft from which Continental may choose are financed hereunder):

<b>Aircraft Type</b>	<b>Expected Registration Number</b>	<b>Expected Manufacturer's Serial Number</b>	<b>Scheduled Delivery Month(1)</b>	<b>Principal Amount of Equipment Notes</b>	<b>Appraised Base Value (2)</b>
Boeing 737-824	N87507	31637	January 2008	\$ 35,296,000	\$ 48,900,000
Boeing 737-824	N76508	31638	February 2008	35,296,000	49,000,000
Boeing 737-824	N78509	31639	February 2008	35,296,000	49,000,000
Boeing 737-824	N77510	32828	April 2008	35,296,000	49,200,000
Boeing 737-824	N78511	33458	May 2008	35,296,000	49,300,000
Boeing 737-824	N87512	33459	May 2008	35,296,000	49,300,000
Boeing 737-824	N87513	31621	June 2008	35,296,000	49,400,000
Boeing 737-824	N76514	31626	July 2008	35,296,000	49,500,000
Boeing 737-824	N76515	37096	August 2008	35,296,000	49,600,000
Boeing 737-824	N76516	31623	August 2008	35,296,000	49,600,000
Boeing 737-824	N76517	31628	September 2008	35,296,000	49,700,000
Boeing 737-824	N77518	31605	November 2008	35,296,000	49,900,000
Boeing 737-924ER	N37413	31664	January 2008	40,181,000	55,810,000
Boeing 737-924ER	N47414	32827	January 2008	40,181,000	55,810,000
Boeing 737-924ER	N39415	32826	February 2008	40,181,000	55,909,000
Boeing 737-924ER	N39416	37093	February 2008	40,181,000	55,909,000
Boeing 737-924ER	N38417	31665	March 2008	40,181,000	56,000,000
Boeing 737-924ER	N39418	31666	March 2008	40,181,000	56,000,000
Boeing 737-924ER	N37419	33456	March 2008	40,181,000	56,000,000
Boeing 737-924ER	N37420	33457	April 2008	40,181,000	56,092,000
Boeing 737-924ER	N27421	37094	April 2008	40,181,000	56,092,000
Boeing 737-924ER	N37422	31620	May 2008	40,181,000	56,184,000
Boeing 737-924ER	N39423	32829	June 2008	40,181,000	56,273,000
Boeing 737-924ER	N38424	33460	June 2008	40,181,000	56,273,000
Boeing 737-924ER	N75425	37095	June 2008	40,181,000	56,273,000
Boeing 737-924ER	N75426	31622	July 2008	40,181,000	56,365,000

Boeing 737-924ER	N37427	37097	September 2008	40,181,000	56,550,000
Boeing 737-924ER	N75428	30130	October 2008	40,181,000	56,642,000
Boeing 737-924ER	N75429	31633	December 2008	40,181,000	56,825,000
Boeing 737-924ER	N77430	37098	December 2008	40,181,000	56,825,000

- (1) The delivery deadline for purposes of financing an aircraft pursuant to this offering is June 30, 2009 (or later under certain circumstances). The actual delivery date for any aircraft may be subject to delay or acceleration. See [Description of the Aircraft and the Appraisals Deliveries of Aircraft](#) . Continental has certain rights to substitute other aircraft if the delivery of any Aircraft is expected to be delayed for more than 30 days after the month scheduled for delivery or beyond the delivery deadline. See [Description of the Aircraft and the Appraisals Substitute Aircraft](#) .
- (2) The appraised base value of each Aircraft set forth above is the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms, projected as of the scheduled delivery month of each Aircraft. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See [Risk Factors Risk Factors Relating to the Certificates and the Offering The Appraisals Are Only Estimates of Aircraft Value](#) . The appraised value of each of the other Boeing 737-824 and 737-924ER aircraft that Continental may choose to finance pursuant to this offering is higher than or equal to the appraised value of each of the Aircraft of the same model listed above. See [Description of the Aircraft and the Appraisals The Appraisals](#) .

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

The following table sets forth loan to Aircraft value ratios ( LTVs ) for each Class of Certificates as of April 19, 2009 (the first Regular Distribution Date that occurs after all Aircraft assumed to be financed in this Offering are scheduled to have been delivered) and each Regular Distribution Date thereafter. The LTVs for any Class of Certificates for the period prior to April 19, 2009 are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trusts and the related Aircraft will not be included in the calculation. The table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. See Risk Factors Risk Factors Relating to the Certificates and the Offering The Appraisals Are Only Estimates of Aircraft Value .

Regular Distribution Date	Assumed Aggregate Aircraft Value(1)	Outstanding Balance (2)			LTV(3)		
		Class A Certificates	Class B Certificates	Class C Certificates	Class A Certificates	Class B Certificates	Class C Certificates
April 19, 2009	\$1,568,874,300	\$ 756,762,000	\$ 221,850,000	\$ 168,198,000	48.2 %	62.4 %	73.1 %
October 19, 2009	1,551,289,440	756,762,000	221,850,000	168,198,000	48.8	63.1	73.9
April 19, 2010	1,520,747,340	743,360,009	219,920,115	148,867,500	48.9	63.3	73.1
October 19, 2010	1,503,162,480	729,988,736	217,919,896	129,737,849	48.6	63.1	71.7
April 19, 2011	1,472,620,380	716,666,409	215,870,732	110,793,416	48.7	63.3	70.8
October 19, 2011	1,455,035,520	703,393,027	213,772,623	92,010,996	48.3	63.0	69.4
April 19, 2012	1,424,493,420	690,168,590	211,625,569	73,372,415	48.5	63.3	68.5
October 19, 2012	1,406,908,560	676,993,099	209,429,569	54,863,067	48.1	63.0	66.9
April 19, 2013	1,376,366,460	663,866,552	207,184,625	36,470,967	48.2	63.3	65.9
October 19, 2013	1,358,781,600	650,788,951	204,890,735	18,186,105	47.9	63.0	64.3
April 19, 2014	1,328,239,500	637,760,295	202,547,899	0	48.0	63.3	N/A
October 19, 2014	1,310,654,640	624,780,585	200,156,119	0	47.7	62.9	N/A
April 19, 2015	1,280,112,540	611,849,820	197,715,393	0	47.8	63.2	N/A
October 19, 2015	1,262,527,680	598,131,283	162,055,583	0	47.4	60.2	N/A
April 19, 2016	1,231,985,580	584,494,081	133,176,207	0	47.4	58.3	N/A
October 19, 2016	1,214,400,720	570,938,213	109,511,844	0	47.0	56.0	N/A
April 19, 2017	1,183,858,620	557,463,679	89,915,632	0	47.1	54.7	N/A
October 19, 2017	1,166,273,760	544,070,480	73,533,539	0	46.7	53.0	N/A
April 19, 2018	1,135,731,660	530,758,614	59,720,179	0	46.7	52.0	N/A
October 19, 2018	1,118,146,800	517,528,083	47,981,302	0	46.3	50.6	N/A
April 19, 2019	1,087,604,700	504,378,887	37,933,787	0	46.4	49.9	N/A
October 19, 2019	1,070,019,840	489,783,518	29,277,349	0	45.8	48.5	N/A
April 19, 2020	1,039,477,740	459,459,463	21,774,225	0	44.2	46.3	N/A
October 19, 2020	1,021,892,880	392,590,109	15,234,387	0	38.4	39.9	N/A
April 19, 2021	991,350,780	271,590,366	9,504,638	0	27.4	28.4	N/A
October 19, 2021	973,765,920	113,669,889	4,460,485	0	11.7	12.1	N/A
April 19, 2022	943,223,820	0	0	0	N/A	N/A	N/A

(1) We have assumed that the initial appraised value of each Aircraft, determined as described under Equipment Notes and the Aircraft , declines by approximately 3% per year after the delivery of such Aircraft. Other rates or

methods of depreciation may result in materially different LTVs. We cannot assure you that the depreciation rate and method used for purposes of the table will occur or predict the actual future value of any Aircraft. See

Risk Factors Risk Factors Relating to the Certificates and the Offering The Appraisals Are Only Estimates of Aircraft Value .

- (2) In calculating the outstanding balances of each Class of Certificates, we have assumed that the Trusts will acquire the Equipment Notes for all Aircraft. Outstanding balances as of each Regular Distribution Date are shown after giving effect to distributions expected to be made on such distribution date.
- (3) The LTVs for each Class of Certificates were obtained for each Regular Distribution Date by dividing (i) the expected outstanding balance of such Class together with the expected outstanding balance of each other Class senior in right of payment to such Class after giving effect to the distributions expected to be made on such distribution date, by (ii) the assumed value of all of the Aircraft on such date based on the assumptions described above. For the purposes of these calculations it has been assumed that the first 12 Boeing 737-824 aircraft of the 15 Boeing 737-824 aircraft and the first 18 Boeing 737-924ER aircraft of the 24 Boeing 737-924ER aircraft from which Continental may choose are financed hereunder. The outstanding balances and LTVs of each Class of Certificates will change if the Trusts do not acquire Equipment Notes with respect to all the Aircraft. The LTVs will change if the Trusts acquire Equipment Notes with respect to the other aircraft from which Continental may choose.

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

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**The Offering**

Certificates Offered	Class A Certificates.
	Class B Certificates.
	Class C Certificates.

Each Class of Certificates will represent a fractional undivided interest in a related Trust.

Use of Proceeds	The proceeds from the sale of the Certificates of each Trust will initially be held in escrow and deposited with the Depositary, pending delivery of each Aircraft to be financed. Each Trust will withdraw funds from the escrow relating to such Trust to acquire Equipment Notes as these Aircraft are delivered and financed. The Equipment Notes will be issued to finance the purchase by Continental of 30 new Boeing aircraft.
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Subordination Agent, Trustee, Paying Agent and Loan Trustee	Wilmington Trust Company.
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Escrow Agent	Wells Fargo Bank Northwest, National Association.
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Depositary	Credit Suisse, New York Branch.
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Liquidity Provider	RZB Finance LLC. The Liquidity Provider's obligations will be guaranteed by Raiffeisen Zentralbank Österreich Aktiengesellschaft.
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Trust Property	The property of each Trust will include:  Equipment Notes acquired by such Trust.
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In case of the Class A and Class B Trust, all monies receivable under the Liquidity Facility for such Trust.

Funds from time to time deposited with the Trustee in accounts relating to such Trust, including payments made by Continental on the Equipment Notes held in such Trust.

Regular Distribution Dates	April 19 and October 19, commencing on October 19, 2007.
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Record Dates	The fifteenth day preceding the related Distribution Date.
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Distributions	The Trustee will distribute all payments of principal, premium (if any) and interest received on the Equipment Notes held in each Trust to the holders of the Certificates of such Trust, subject to the subordination provisions applicable to the Certificates.
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Scheduled payments of principal and interest made on the Equipment Notes will be distributed on the applicable Regular Distribution Dates.

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

Subordination

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

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

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

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

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

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

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

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

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

Control of Loan Trustee

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

The Controlling Party will be:

The Class A Trustee.

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

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

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

Subject to certain conditions, notwithstanding the foregoing, (a) if one or more holders of the Class B Certificates have purchased the Series A Equipment Notes or (b) if one or more holders of the Class C Certificates have purchased the Series A Equipment Notes and Series B Equipment Notes, in each case, issued under an Indenture, pursuant to buyout right described in Right to Buy Equipment Notes below, the holders of the majority in aggregate unpaid principal amount of Equipment Notes issued under such Indenture, rather than the Controlling Party, shall be entitled to direct the Loan Trustee in exercising remedies under such Indenture.

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

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Right to Buy Other Classes of Certificates If Continental is in bankruptcy and certain specified circumstances then exist, the Certificateholders may have the right to buy certain other Classes of Certificates on the following basis:

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

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

The purchase price in each case described above will be the outstanding balance of the applicable Class of Certificates plus accrued and unpaid interest.

Right to Buy Equipment Notes

Subject to certain conditions, if Continental is in bankruptcy and certain specified events have occurred or if an Indenture Default under any Indenture has continued for five years without a disposition of the related Equipment Notes or Aircraft, during a period of six months thereafter Certificateholders will have the right to buy certain Series of Equipment Notes on the following basis:

The Class B Certificateholders will have the right to purchase all (but not less than all) of the Series A Equipment Notes under any one or more Indentures.

The Class C Certificateholders will have the right to purchase all (but not less than all) of the Series A and B Equipment Notes under any one or more Indentures.

The purchase price for any Equipment Note in each case described above will be the outstanding principal amount of such Equipment Note plus accrued and unpaid interest and certain other amounts.

Liquidity Facilities for Class A and B Certificates

Under the Liquidity Facility for each of the Class A and Class B Trust, the Liquidity Provider will, if necessary, make advances in an aggregate amount sufficient to pay interest on the applicable Certificates on up to three successive semiannual Regular Distribution Dates at the applicable interest rate for such Certificates. Drawings under the Liquidity Facilities cannot be used to pay any amount in respect of the Certificates other than interest and will not cover interest payable on amounts held in escrow as Deposits with the Depositary.

There will be no Liquidity Facility for the Class C Trust.

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

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

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Escrowed Funds	Funds in escrow for the Certificateholders of each Trust will be held by the Depositary as Deposits relating to such Trust. The Trustees may withdraw these funds from time to time to purchase Equipment Notes prior to the deadline established for purposes of this offering. On each Regular Distribution Date, the Depositary will pay interest accrued on the Deposits relating to such Trust at a rate per annum equal to the interest rate applicable to the Certificates issued by such Trust. The Deposits relating to each Trust and interest paid thereon will not be subject to the subordination provisions applicable to the Certificates. The Deposits cannot be used to pay any other amount in respect of the Certificates.
Unused Escrowed Funds	All of the Deposits held in escrow may not be used to purchase Equipment Notes by the deadline established for purposes of this offering. This may occur because of delays in the delivery of Aircraft or other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes . If any funds remain as Deposits with respect to any Trust after such deadline, the funds held as Deposits will be withdrawn by the Escrow Agent for such Trust and distributed, with accrued and unpaid interest, to the Certificateholders of such Trust after at least 15 days prior written notice. See Description of the Deposit Agreements Unused Deposits .
Obligation to Purchase Equipment Notes	The Trustees will be obligated to purchase the Equipment Notes issued with respect to each Aircraft pursuant to the Note Purchase Agreement. Continental will enter into a secured debt financing with respect to each Aircraft pursuant to financing agreements substantially in the forms attached to the Note Purchase Agreement. The terms of such financing agreements must not vary the Required Terms set forth in the Note Purchase Agreement. In addition, Continental must certify to the Trustees that any substantive modifications do not materially and adversely affect the Certificateholders. Continental must also obtain written confirmation from each Rating Agency that the use of financing agreements modified in any material respect from the forms attached to the Note Purchase Agreement will not result in a withdrawal, suspension or downgrading of the rating of any Class of Certificates. The Trustees will not be obligated to purchase Equipment Notes if, at the time of issuance, Continental is in bankruptcy or certain other specified events have occurred. See Description of the Certificates Obligation to Purchase Equipment Notes .
Issuances of Additional Classes of Certificates	After the Delivery Period Termination Date, additional pass through certificates of one or more separate pass through trusts, which will evidence fractional undivided ownership interests in equipment notes secured by Aircraft, may be issued. Any such transaction may relate to a refinancing of Series B Equipment Notes or Series C Equipment Notes issued with respect to all (but not less than all) of the Aircraft or the issuance of one or more new series of subordinated equipment notes with respect to some or all of the Aircraft. Consummation of any such transaction will be subject to satisfaction of certain conditions, including

receipt of confirmation from the Rating Agencies that it will

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not result in a withdrawal, suspension or downgrading of any Class of Certificates that remains outstanding. See Possible Issuance of Additional Certificates and Refinancing of Certificates .

Equipment Notes

- (a) Issuer Continental.
- (b) Interest The Equipment Notes held in each Trust will accrue interest at the rate per annum for the Certificates issued by such Trust set forth on the cover page of this Prospectus Supplement. Interest will be payable on April 19 and October 19 of each year, commencing on the first such date after issuance of such Equipment Notes. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months.
- (c) Principal Principal payments on the Equipment Notes are scheduled on April 19 and October 19 in certain years, commencing on April 19, 2010.
- (d) Redemption and Purchase *Aircraft Event of Loss.* If an Event of Loss occurs with respect to an Aircraft, all of the Equipment Notes issued with respect to such Aircraft will be redeemed, unless Continental replaces such Aircraft under the related financing agreements. The redemption price in such case will be the unpaid principal amount of such Equipment Notes, together with accrued interest, but without any premium.
- Optional Redemption.* Continental may elect to redeem all of the Equipment Notes issued with respect to an Aircraft prior to maturity. In addition, Continental may elect to redeem the Series B or Series C Equipment Notes with respect to all Aircraft in connection with a refinancing of such Series. The redemption price in such case will be the unpaid principal amount of such Equipment Notes, together with accrued interest and Make-Whole Premium. Upon completion of any such redemption of all Equipment Notes with respect to an Aircraft, so long as no Payment Default, Bankruptcy Default or Indenture Default has occurred and is continuing under any Indenture, the relevant Aircraft will be released from the lien of the Indenture and cease to be included as collateral for any Equipment Notes. See Description of the Equipment Notes Redemption .
- (e) Security The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft.
- (f) Cross-collateralization The Equipment Notes held in the Trusts will be cross-collateralized. This means that any proceeds from the exercise of remedies with respect to an Aircraft will be available to cover shortfalls then due under Equipment Notes issued with respect to the other Aircraft. In the absence of any such shortfall, excess proceeds will be held by the relevant Loan Trustee as additional collateral for such other Equipment Notes.

- (g) No Cross-default                      There will not be cross-default provisions in the Indentures. This means that if the Equipment Notes issued with respect to one or more Aircraft are in default and the Equipment Notes issued with respect to the remaining Aircraft are not in default, no remedies will be exercisable with respect to the remaining Aircraft.
- (h) 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.



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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 relevant Deposits and income from the Equipment Notes and other property held by the relevant Trust. See Certain U.S. Federal Income Tax Consequences .

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

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:

<b>Certificates</b>	<b>Moody's</b>	<b>Standard &amp; Poor's</b>
Class A	Baa1	A
Class B	Ba2	BBB-
Class C	B1	B+

A rating is not a recommendation to purchase, hold or sell Certificates, since 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, suspended or withdrawn by a Rating Agency after the Certificates have been issued.

		<b>Moody's</b>	<b>Standard &amp; Poor's</b>
Threshold Rating for the Depositary	Short Term	P-1	A-1+

Depositary Rating                      The Depositary meets the Depositary Threshold Rating requirement.

		<b>Moody's</b>	<b>Standard &amp; Poor's</b>
Threshold Rating for the Liquidity Provider	Short Term	P-1	A-1

Liquidity Provider Rating                      Raiffeisen Zentralbank Österreich Aktiengesellschaft, an affiliate of the Liquidity Provider, meets the Liquidity Threshold Rating requirement and will guarantee the obligations of the Liquidity Provider under the Liquidity Facilities.



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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, 2006, 2005 and 2004 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, 2003 and 2002 are derived from the selected financial data contained in Continental's Annual Report on Form 10-K for the year ended December 31, 2006, incorporated by reference in this Prospectus Supplement, and the audited consolidated financial statements of Continental for the years ended December 31, 2003 and 2002 and should be read in conjunction therewith.

	<b>Year Ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
	<b>(In millions of dollars, except operating data, per share data and ratios)</b>				
<b>Financial Data Operations:(1)</b>					
Operating Revenue	\$ 13,128	\$ 11,208	\$ 9,899	\$ 9,001	\$ 8,511
Operating Expenses	12,660	11,247	10,137	8,813	8,841
Operating Income (Loss)	468	(39)	(238)	188	(330)
Non-operating Income (Expense), net	(99)	(29)	(211)	(2)	(319)
Income (Loss) before Income Taxes, Minority Interest, and Cumulative Effect of Change in Accounting Principle	369	(68)	(449)	186	(649)
Income (Loss) before Cumulative Effect of Change in Accounting Principle	369	(68)	(409)	28	(462)
Net Income (Loss)	\$ 343	\$ (68)	\$ (409)	\$ 28	\$ (462)
Earnings (Loss) per Share:					
Basic	\$ 3.86	\$ (0.96)	\$ (6.19)	\$ 0.43	\$ (7.19)
Diluted	\$ 3.30	\$ (0.97)	\$ (6.25)	\$ 0.41	\$ (7.19)
Shares used for Computation:					
Basic	89.0	70.3	66.1	65.4	64.2
Diluted	111.4	70.3	66.1	65.6	64.2
Ratio of Earnings to Fixed Charges(2)	1.26x			1.14x	

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