

CONTINENTAL AIRLINES INC /DE/

Form 424B2

June 22, 2004

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 23, 2001)

\$173,629,000

2004-ERJ1 Pass Through Trust

Pass Through Certificates, Series 2004-ERJ1

The Continental Airlines Class A Pass Through Certificates, Series 2004-ERJ1, are being offered under this prospectus supplement. The certificates represent interests in a trust to be established in connection with this offering.

The trust will use the proceeds from the sale of certificates to acquire equipment notes. The equipment notes will be issued on a nonrecourse basis by the trustees of separate owner trusts in connection with separate leveraged lease transactions to finance a portion of the purchase price of 16 Embraer EMB-145XR aircraft, of which ten have previously been delivered to Continental during 2004 and six are scheduled for delivery through September 2004. The aircraft will be leased to Continental. Rental payments under the leases will be used to make payments on the equipment notes. Payments on the equipment notes held in the trust will be passed through to the holders of the certificates.

The proceeds from the sale of certificates will initially be held in escrow pending purchase of equipment notes, except that a portion of such proceeds may be used at the closing of the offering to acquire equipment notes for previously delivered aircraft.

The equipment notes issued for each aircraft will have a security interest in such aircraft. Interest on the equipment notes will be payable monthly on the first day of each month after issuance, beginning on August 1, 2004. Principal payments on the equipment notes are scheduled on the first day of each month, beginning on or after August 1, 2004.

Citicorp North America, Inc. and WestLB AG, New York Branch, each will provide a liquidity facility for the certificates in an aggregate amount sufficient to make 18 monthly interest payments (except under certain specified circumstances).

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

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

Principal Amount	Interest Rate	Final Expected Distribution Date	Price to Public(1)
\$ 173,629,000	9.558%	September 1, 2019	100%

(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 \$173,629,000. Embraer will pay the underwriters compensation totaling \$2,187,725.40, representing underwriting commission as well as certain structuring fees. Citigroup acted as the structuring agent in connection with this transaction. Delivery of the certificates in book-entry form only will be made on or about June 29, 2004.

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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 Book-Running Managers

Citigroup

June 18, 2004

MORGAN STANLEY

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.

S-2

TABLE OF CONTENTS

Prospectus Supplement

	Page
PROSPECTUS SUPPLEMENT SUMMARY	S-5
Summary of Terms of Certificates	S-5
Equipment Notes and the Aircraft	S-6
Loan to Aircraft Value Ratios	S-7
Cash Flow Structure	S-9
The Offering	S-10
SUMMARY FINANCIAL AND OPERATING DATA	S-14
RISK FACTORS	S-18
Risk Factors Relating to the Company	S-18
Risk Factors Relating to the Airline Industry	S-20
Risk Factors Relating to the Certificates and the Offering	S-23
USE OF PROCEEDS	S-24
THE COMPANY	S-25
Domestic Operations	S-25
International Operations	S-26
DESCRIPTION OF THE CERTIFICATES	S-28
General	S-28
Distributions	S-29
Payments	S-30
Pool Factors	S-32
Reports to Certificateholders	S-37
Indenture Defaults and Certain Rights Upon an Indenture Default	S-37
PTC Event of Default	S-39
Merger, Consolidation and Transfer of Assets	S-39
Modifications of the Pass Through Trust Agreement and Certain Other Agreements	S-40
Obligation to Purchase Equipment Notes	S-42
Termination of the Trust	S-45
Governing Law	S-45
The Trustee	S-45
Book-Entry; Delivery and Form	S-45
DESCRIPTION OF THE DEPOSIT AGREEMENT	S-46
General	S-46
Unused Deposits	S-46
Distribution Upon Occurrence of Triggering Event	S-46
Depositary	S-46
DESCRIPTION OF THE ESCROW AGREEMENT	S-48
DESCRIPTION OF THE LIQUIDITY FACILITIES	S-49
General	S-49
Drawings	S-49
Reimbursement of Drawings	S-53
Liquidity Events of Default	S-54
Liquidity Providers	S-55
DESCRIPTION OF THE INTERCREDITOR AGREEMENT	S-56
Intercreditor Rights	S-56
Priority of Distributions	S-57
Voting of Equipment Notes	S-59
List of Certificateholders	S-59
Reports	S-59
The Subordination Agent	S-60
DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS	S-61
The Aircraft	S-61

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The Appraisals	S-61
Deliveries of Aircraft	S-62
Substitute Aircraft	S-62
DESCRIPTION OF THE EQUIPMENT NOTES	S-63
General	S-63
Principal and Interest Payments	S-63
Redemption	S-64
Security	S-65
Loan to Value Ratios of Equipment Notes	S-66
Limitation of Liability	S-66
Indenture Defaults, Notice and Waiver	S-67
Remedies	S-68
Modification of Indentures and Leases	S-70
Indemnification	S-70
The Leases	S-70
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES	S-77
General	S-77
Tax Status of the Trust	S-77
Taxation of Certificateholders Generally	S-78
Sale or Other Disposition of the Certificates	S-79
Foreign Certificateholders	S-79
Backup Withholding	S-80
CERTAIN DELAWARE TAXES	S-80
CERTAIN ERISA CONSIDERATIONS	S-80
UNDERWRITING	S-83
LEGAL MATTERS	S-84
EXPERTS	S-84
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	S-85
INDEX OF TERMS	Appendix I
APPRAISAL LETTERS	Appendix II
LOAN TO VALUE RATIO TABLES	Appendix III

Prospectus

	<u>Page</u>
WHERE YOU CAN FIND MORE INFORMATION	1
FORWARD-LOOKING STATEMENTS	1
INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE	2
SUMMARY	3
The Offering	3
Certificates	3
Pass Through Trusts	4
Equipment Notes	4
THE COMPANY	6
USE OF PROCEEDS	6
RATIO OF EARNINGS TO FIXED CHARGES	7
DESCRIPTION OF THE CERTIFICATES	7
General	7
Book-Entry Registration	10
Payments and Distributions	13
Pool Factors	14
Reports to Certificateholders	14
Voting of Equipment Notes	15
Events of Default and Certain Rights Upon an Event of Default	15
Merger, Consolidation and Transfer of Assets	18
Modifications of the Basic Agreement	18
Modification of Indenture and Related Agreements	19
Cross-Subordination Issues	19
Termination of the Pass Through Trusts	20
Delayed Purchase of Equipment Notes	20
Liquidity Facility	20
The Pass Through Trustee	20
DESCRIPTION OF THE EQUIPMENT NOTES	21
General	21
Principal and Interest Payments	21
Redemption	22
Security	22
Ranking of Equipment Notes	24
Payments and Limitation of Liability	24
Defeasance of the Indentures and the Equipment Notes in Certain Circumstances	24
Assumption of Obligations by Continental	25
Liquidity Facility	25
Intercreditor Issues	25
U.S. INCOME TAX MATTERS	26
General	26
Tax Status of the Pass Through Trusts	26
Taxation of Certificateholders Generally	26
Effect of Subordination of Certificateholders of Subordinated Trusts	27
Original Issue Discount	27
Sale or Other Disposition of the Certificates	27
Foreign Certificateholders	28
Backup Withholding	28
ERISA CONSIDERATIONS	28
PLAN OF DISTRIBUTION	28
LEGAL OPINIONS	30
EXPERTS	30

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.

S-4

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 Airlines, 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
Aggregate Face Amount	\$173,629,000
Ratings:	
Moody's	Ba2
Standard & Poor's	BBB-
Initial Loan to Aircraft Value (cumulative)(1)	52.5%
Expected Highest Loan to Aircraft Value (cumulative)(2)	52.5%
Initial Average Life (in years from Issuance Date)	9.2
Regular Distribution Dates	The first day of each month
Final Expected Regular Distribution Date	September 1, 2019
Final Maturity Date	March 1, 2021
Minimum Denomination	\$1,000
Section 1110 Protection	Yes
Liquidity Facilities Coverage	18 monthly interest payments

(1) This percentage is determined as of October 1, 2004, the first Regular Distribution Date after all Aircraft are scheduled to have been delivered. In calculating this percentage, we have assumed that all Aircraft are financed under this offering prior to such date, that the maximum principal amount of Equipment Notes is issued and that the aggregate appraised value of the Aircraft is \$327,470,000 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 .

Equipment Notes and the Aircraft

Set forth below is certain information about the Equipment Notes expected to be held in the Trust and the aircraft expected to secure such Equipment Notes. Each aircraft is an Embraer model EMB-145XR aircraft.

Expected Registration Number	Manufacturer's Serial Number	Scheduled Delivery Month(1)	Maximum Principal Amount of Equipment Notes(2)	Appraised Value(3)
N11155	145782	January 2004	\$ 10,745,972	\$20,366,667
N10156	145786	February 2004	10,686,554	20,383,333
N12157	145787	February 2004	10,692,100	20,383,333
N14158	145791	March 2004	10,571,853	20,403,333
N17159	145792	March 2004	10,598,759	20,403,333
N12160	145799	April 2004	10,926,373	20,423,333
N13161	14500805	April 2004	11,062,500	20,423,333
N14162	14500808	May 2004	11,348,468	20,446,667
N12163	14500811	May 2004	10,748,893	20,446,667
N11164	14500817	June 2004	10,822,420	20,520,000
N11165	14500819	June 2004	11,013,029	20,520,000
N12166	14500831	July 2004	11,096,335	20,540,000
N12167	14500834	July 2004	11,096,335	20,540,000
N14168	14500840	August 2004	11,149,043	20,550,000
N17169	14500844	August 2004	11,152,077	20,550,000
N16170	14500850	September 2004	11,150,989	20,570,000

- (1) The Aircraft with manufacturer's serial numbers 145782, 145786, 145787, 145791, 145792, 145799, 14500805, 14500808, 14500811 and 14500817 were delivered and leased to Continental during 2004. These Aircraft are expected to be financed pursuant to this offering on the date that the Certificates are issued, although the financing for each Aircraft is subject to certain conditions and could be delayed. The delivery deadline for purposes of financing an Aircraft pursuant to this offering is December 31, 2004 (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 the option 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 actual principal amount issued for an Aircraft may be less depending on the circumstances of the financing of such Aircraft. The aggregate principal amount of all of the Equipment Notes will not exceed the aggregate face amount of the Certificates.
- (3) The appraised 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, in the case of Aircraft yet to be delivered, as of the scheduled delivery month of such 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 Appraisals and Realizable Value of Aircraft and Description of the Aircraft and the Appraisals The Appraisals.

Loan to Aircraft Value Ratios

The following table sets forth loan to Aircraft value ratios (LTVs) for the Certificates as of October 1, 2004 (the first Regular Distribution Date that occurs after all Aircraft to be financed in this Offering are scheduled to have been delivered) and each sixth Regular Distribution Date thereafter. The LTVs for the Certificates for the period prior to October 1, 2004 are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trust 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 Appraisals and Realizable Value of Aircraft .

Date	Aggregate Appraised Value(1)	Outstanding Pool Balance(2)	LTV(3)
October 1, 2004	\$ 327,470,000	\$ 171,967,209	52.5%
April 1, 2005	323,799,100	169,204,237	52.3
October 1, 2005	317,645,900	166,305,121	52.4
April 1, 2006	313,975,000	163,263,155	52.0
October 1, 2006	307,821,800	160,071,299	52.0
April 1, 2007	304,150,900	156,722,167	51.5
October 1, 2007	297,997,700	153,208,011	51.4
April 1, 2008	294,326,800	149,520,697	50.8
October 1, 2008	288,173,600	145,651,696	50.5
April 1, 2009	284,502,700	141,592,052	49.8
October 1, 2009	278,349,500	137,332,375	49.3
April 1, 2010	274,678,600	132,862,805	48.4
October 1, 2010	268,525,400	128,173,003	47.7
April 1, 2011	264,854,500	123,252,115	46.5
October 1, 2011	258,701,300	118,088,755	45.6
April 1, 2012	255,030,400	112,670,975	44.2
October 1, 2012	248,877,200	106,986,241	43.0
April 1, 2013	245,206,300	101,021,396	41.2
October 1, 2013	239,053,100	94,762,640	39.6
April 1, 2014	235,382,200	88,195,490	37.5
October 1, 2014	229,229,000	81,304,750	35.5
April 1, 2015	224,334,467	74,074,476	33.0
October 1, 2015	216,130,200	66,487,938	30.8
April 1, 2016	211,235,667	58,527,341	27.7
October 1, 2016	203,031,400	50,173,130	24.7
April 1, 2017	198,136,867	41,405,715	20.9
October 1, 2017	189,932,600	32,204,660	17.0
April 1, 2018	185,038,067	22,548,515	12.2
October 1, 2018	176,833,800	12,414,771	7.0
April 1, 2019	99,729,000	2,812,663	2.8

- (1) In calculating the aggregate appraised value of the Aircraft, we have assumed that the appraised value of each Aircraft, determined as described under Equipment Notes and the Aircraft , declines on the Regular Distribution Date closest to the anniversary of its delivery by the manufacturer by approximately 3% per year of the initial appraised value at delivery for the first ten years after the delivery of such Aircraft, by approximately 4% per year for the next five years and by approximately 5% per year thereafter. The aggregate Aircraft value as of any date does not include the value of Aircraft as to which the Equipment Notes secured by such Aircraft are expected to have been paid in full on or prior to such date. Other rates or methods of depreciation would 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 Appraisals and Realizable Value of Aircraft .

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- (2) In calculating the outstanding balances, we have assumed that the Trust will acquire the maximum principal amount of Equipment Notes for all Aircraft prior to October 1, 2004.
- (3) The LTVs were obtained for each Regular Distribution Date by dividing (i) the expected outstanding balance of the Certificates after giving effect to the distributions expected to be made on such date, by (ii) the assumed value of all of the Aircraft on such date based on the assumptions described above. The outstanding balances and LTVs may change if, among other things, the aggregate principal amount of the Equipment Notes acquired by the Trust is less than the maximum permitted under the terms of this offering or the amortization of the Equipment Notes differs from the assumed amortization schedule calculated for purposes of this Prospectus Supplement.

S-7

The above table was compiled on an aggregate basis. However, the Equipment Notes for an Aircraft will not have a security interest in any other Aircraft. This means that any excess proceeds realized from the sale of an Aircraft or other exercise of remedies will not be available to cover any shortfalls on the Equipment Notes relating to any other Aircraft. Therefore, upon an Indenture Default, even if the Aircraft as a group could be sold for more than the total amounts payable in respect of all of the outstanding Equipment Notes, if certain Aircraft were sold for less than the total amount payable in respect of the related Equipment Notes, there would not be sufficient proceeds to pay the Certificates in full. See Description of the Equipment Notes Loan to Value Ratios of Equipment Notes for examples of LTVs for the Equipment Notes issued in respect of individual Aircraft, which may be more relevant in a default situation than the aggregate values shown above.

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 Lease and a related Indenture. Each Aircraft will be subleased to ExpressJet.
- (2) To the extent not used to purchase Equipment Notes upon the issuance of the Certificates, the proceeds of the offering of the Certificates will be held in escrow and deposited with the Depositary. The Depositary will hold such funds as interest-bearing Deposits. The Trust will withdraw funds from the Deposits 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, taken together, will be sufficient to pay accrued interest on the outstanding Certificates. If any funds remain as deposits at the Delivery Period Termination Date, such funds will be withdrawn by the Escrow Agent and distributed to the holders of the Certificates, together with accrued interest thereon. No interest will accrue with respect to the Deposits after they have been fully withdrawn. The Liquidity Facilities will not cover interest on the Deposits.

S-9

The Offering

Certificates Offered	Class A Certificates, which will represent fractional undivided interests in the Trust. An affiliate of Embraer is expected to purchase Class A Certificates from the Underwriters in an aggregate face amount of approximately \$45 million. Embraer has agreed with the Underwriters that it will not permit its affiliate to sell or transfer any of such Certificates prior to the date that is six months following the Issuance Date.
Use of Proceeds	The proceeds from the sale of the Certificates will initially be held in escrow and deposited with the Depository, except for any funds used on the Issuance Date to acquire Equipment Notes. The Trust will withdraw funds from the escrow to purchase Equipment Notes. The Equipment Notes will be issued by each Owner Trustee to finance a portion of the purchase price of the related Aircraft.
Subordination Agent, Trustee, Paying Agent and Loan Trustee	Wilmington Trust Company.
Escrow Agent	Wells Fargo Bank Northwest, National Association.
Depository	WestLB AG, New York Branch.
Liquidity Providers	Citicorp North America, Inc. and WestLB AG, New York Branch.
Trust Property	The property of the Trust will include: Equipment Notes acquired by the Trust. All monies receivable under the Liquidity Facilities. Funds from time to time deposited with the Trustee in accounts relating to the Trust.
Regular Distribution Dates	The first day of each month commencing on August 1, 2004.
Record Dates	The fifteenth day preceding the related Distribution Date.
Distributions	The Trustee will distribute all payments of principal, premium (if any) and interest received on the Equipment Notes held in the Trust to the holders of the Certificates, subject to prior payment of certain amounts then due to the Liquidity Providers or the Trustee. 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 or purchase of such Equipment Notes will be distributed on a special distribution date after not less than 15 days notice to Certificateholders.
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 Trustees (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 Trustee.

S-10

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

Liquidity Facilities

Under the Liquidity Facilities, the Liquidity Providers will, if necessary, make advances in an aggregate amount sufficient to pay interest on the Certificates on up to 18 successive monthly Regular Distribution Dates at the applicable interest rate for the Certificates (except under certain specified circumstances). Each Liquidity Facility will cover a specified pro rata portion of such aggregate amount. The Liquidity Facilities cannot be used to pay any other amount in respect of the Certificates and will not cover interest payable on amounts held in escrow as Deposits with the Depositary.

Upon a 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 Providers under the Liquidity Facilities and certain other agreements will rank senior to the Certificates in right of payment.

Escrowed Funds

Funds in escrow for the Certificateholders will be held by the Depositary as Deposits. The Trustee 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 at a rate per annum equal to the interest rate 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, variations in the terms of each Aircraft financing or other reasons. See Description of the Certificates Obligation to Purchase Equipment Notes . If any funds remain as Deposits after such deadline, the funds held as Deposits will be withdrawn by the Escrow Agent and distributed, with accrued and unpaid interest but without premium, to the Certificateholders after at least 15 days prior written notice. See Description of the Deposit Agreement Unused Deposits .

Obligation to Purchase Equipment Notes

The Trustee 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 leveraged lease financing with respect to each Aircraft pursuant to forms of financing agreements attached to the Note Purchase Agreement. However, the terms of the financing agreements entered into may differ from the forms of such agreements described in this Prospectus Supplement because a third party the Owner Participant will provide a portion of the financing of the Aircraft and may request changes. Although such changes are permitted, under the Note Purchase Agreement, the terms of such financing agreements must (a) contain the Mandatory Document Terms set forth in the Note Purchase Agreement and (b) not vary the Mandatory Economic Terms set forth in the Note Purchase Agreement. In addition, Continental must certify to the

Trustee that any such 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 the Certificates.

The Trustee 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 .

Equipment Notes

- (a) Issuer The Equipment Notes will be issued by a financial institution, acting as Owner Trustee. The Owner Trustee will not be individually liable for such Equipment Notes. However, Continental's scheduled rental obligations under the related Lease will be in amounts sufficient to pay scheduled payments on such Equipment Notes.
- (b) Interest The Equipment Notes held in the Trust will accrue interest at the rate per annum for the Certificates set forth on the cover page of this Prospectus Supplement. Interest will be payable on the first day of each month, commencing on August 1, 2004 (or, if later, 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 the first day of each month, commencing on or after August 1, 2004.
- (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.
- Redemption.* The Owner Trustee with respect to an Aircraft may redeem the Equipment Notes issued by such Owner Trustee prior to maturity under certain circumstances specified in the Indenture. The redemption price in such case will be the unpaid principal amount of such Equipment Notes, together with accrued interest plus, if such redemption is made prior to August 25, 2013, a Make-Whole Premium. See Description of the Equipment Notes Redemption .
- Purchase by Owner.* If, with respect to an Aircraft, a Lease Event of Default is continuing, the applicable Owner Trustee or Owner Participant may elect to purchase all of the Equipment Notes with respect to such Aircraft, subject to the terms of the applicable Indenture. The purchase price in such case will be the unpaid principal amount of such Equipment Notes, together with accrued interest, but without any premium (provided that a Make-Whole Premium will be payable under certain circumstances specified in the Indenture).
- (e) Security The Equipment Notes issued with respect to each Aircraft will be secured by a security interest in such Aircraft and in the related Owner Trustee's rights under the Lease with respect to such Aircraft (with certain limited exceptions).

The Equipment Notes issued in respect of an Aircraft will not be secured by any other Aircraft or Leases. This means that any excess proceeds from the sale of an Aircraft or other exercise of remedies with respect to such Aircraft will not be available to cover any shortfall with respect to any other Aircraft.

There will not be cross-default provisions in the Indentures or in the Leases. 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.

(f) Section 1110 Protection	Continental's outside counsel will provide its opinion to the Trustee that the benefits of Section 1110 of the U.S. Bankruptcy Code will be available with respect to the Equipment Notes.		
Certain Federal Income Tax Consequences	Each Certificate Owner generally should report on its federal income tax return its pro rata share of income from the Deposits and income from the Equipment Notes and other property held by the 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 .		
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.		
		Moody's	Standard & Poor's
		Ba2	BBB-
	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 or withdrawn by a Rating Agency.		
		Moody's	Standard & Poor's
Rating of the Depositary	Short Term	P-1	A-1+
		Moody's	Standard & Poor's
Threshold Rating for Liquidity Provider	Short Term	P-1	A-1
Rating of the Liquidity Providers	Citicorp, the parent company of Citicorp North America, Inc., meets the Threshold Rating requirement and will guarantee Citicorp North America, Inc.'s obligations under its Liquidity Facility. WestLB AG meets the Threshold Rating requirement.		

SUMMARY FINANCIAL AND OPERATING DATA

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, 2003, 2002 and 2001 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, 2000 and 1999 are derived from the selected financial data contained in Continental's Annual Report on Form 10-K for the year ended December 31, 2003, incorporated by reference in this Prospectus Supplement, and the audited consolidated financial statements of Continental for the years ended December 31, 2000 and 1999 and should be read in conjunction therewith. The consolidated financial data of Continental for the three months ended March 31, 2004 and 2003 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 as disclosed in the footnotes 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, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004.

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(In millions of dollars, except per share data and ratios)							
Financial Data Operations:(1)(2)							
Operating Revenue	\$ 2,269	\$ 2,042	\$ 8,870	\$ 8,402	\$ 8,969	\$ 9,899	\$ 8,639
Operating Expenses	2,404	2,266	8,667	8,714	8,825	9,170	8,024
Operating Income (Loss)	(135)	(224)	203	(312)	144	729	615
Non-operating Income (Expense), net	(58)	(90)	(2)	(319)	(274)	(169)	183
Income (Loss) before Income Taxes, Minority Interest, and Cumulative Effect of Changes in Accounting Principles	(193)	(314)	201	(631)	(130)	560	798
Net Income (Loss)	\$ (124)	\$ (221)	\$ 38	\$ (451)	\$ (95)	\$ 342	\$ 455
Earnings (Loss) per Share:							
Basic	\$ (1.88)	\$ (3.38)	\$ 0.58	\$ (7.02)	\$ (1.72)	\$ 5.62	\$ 6.54
Diluted	\$ (1.88)	\$ (3.38)	\$ 0.58	\$ (7.02)	\$ (1.72)	\$ 5.45	\$ 6.20
Shares used for Computation:							
Basic	65.9	65.3	65.4	64.2	55.5	60.7	69.5
Diluted	65.9	65.3	65.6	64.2	55.5	62.8	73.9
Ratio of Earnings to Fixed Charges(3)			1.16x			1.51x	1.80x

	Three Months Ended March 31,		Year Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
Operating Data:							
Mainline Statistics:							
Revenue passengers (thousands)	9,735	9,245	39,861	41,016	44,238	46,896	45,540
Revenue passenger miles (millions)(4)	14,713	13,274	59,165	59,349	61,140	64,161	60,022
Available seat miles (millions)(5)	20,270	19,076	78,385	80,122	84,485	86,100	81,946
Cargo ton miles (millions)	250	233	917	908	917	1,096	1,000
Passenger load factor(6)	72.6%	69.6%	75.5%	74.1%	72.4%	74.5%	73.2%
Passenger revenue per available seat mile (cents)	8.55	8.45	8.73	8.61	8.98	9.84	9.12
Total revenue per available seat mile (cents)	9.45	9.31	9.64	9.27	9.58	10.52	9.75
Operating cost per available seat mile including special charges (cents)(7)	9.76	10.25	9.36	9.53	9.22	9.68	9.07
Average yield per revenue passenger mile (cents)(8)	11.78	12.14	11.57	11.63	12.42	13.20	12.45
Average price per gallon of fuel, excluding fuel taxes (cents)	100.33	98.50	87.18	69.97	78.24	84.21	46.56
Average price per gallon of fuel, including fuel taxes (cents)	104.13	102.83	91.40	74.01	82.48	88.54	50.78
Fuel gallons consumed (millions)	320	305	1,257	1,296	1,426	1,533	1,536
Average fare per revenue passenger	\$ 178.08	\$ 174.27	\$ 171.72	\$ 168.25	\$ 171.59	\$ 180.66	\$ 164.11
Average length of aircraft flight (miles)	1,297	1,257	1,270	1,225	1,185	1,159	1,114
Average daily utilization of each aircraft (hours)(9)	9:35	9:10	9:19	9:31	10:19	10:36	10:29
Actual aircraft in fleet at end of period(10)	357	362	355	366	352	371	363
Regional Statistics(11):							
Revenue passenger miles (millions)(4)	1,542	1,078	5,769	3,952	3,388	2,947	2,149
Available seat miles (millions)(5)	2,400	1,767	8,425	6,219	5,437	4,735	3,431
Passenger load factor(6)	64.2%	61.0%	68.5%	63.5%	62.3%	62.2%	62.6%
Consolidated Statistics (Mainline and Regional):							
Consolidated passenger load factor	71.7%	68.9%	74.8%	73.3%	71.8%	73.9%	72.8%
Consolidated breakeven passenger load factor(12)	79.9%	84.5%	73.7%	82.5%	73.5%	67.9%	64.0%

	<u>March 31,</u> <u>2004</u>	<u>December 31,</u> <u>2003</u>
	(In millions of dollars)	
Financial Data Balance Sheet(1):		
Assets:		
Cash, Cash Equivalents, including Restricted Cash, and Short-Term Investments	\$ 1,584	\$ 1,600
Other Current Assets	1,219	986
Total Property and Equipment, net	6,562	6,488
Routes and Airport Operating Rights, net	868	874
Other Assets	658	701
	<u> </u>	<u> </u>
Total Assets	\$10,891	\$10,649
	<u> </u>	<u> </u>
Liabilities and Stockholders Equity:		
Current Liabilities	\$ 3,166	\$ 2,866
Long-Term Debt and Capital Leases	5,602	5,558
Deferred Credits and Other Long-Term Liabilities	1,448	1,433
Stockholders Equity	675	792
	<u> </u>	<u> </u>
Total Liabilities and Stockholders Equity	\$10,891	\$10,649
	<u> </u>	<u> </u>

(1) Consolidated amounts include ExpressJet for the years ended December 31, 1999 through 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 expense (income) items (in millions):

	Three Months Ended March 31,		Year Ended December 31,				
	<u>2004</u>	<u>2003</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Operating revenue (income):							
Change in expected redemption of frequent flyer mileage credits sold	\$	\$	\$ (24)				