

PROSPECTUS

Continental Airlines, Inc.

Offer to Exchange Pass Through Certificates, Series 1996,
 which have been registered under the Securities Act of 1933, as amended,
 for any and all outstanding Pass Through Certificates, Series 1996

The Exchange Offer will expire at 5:00 p.m., New York City time, on
 August 28, 1996, unless extended.

Pass Through Certificates, Series 1996 (the "New Certificates"), which have been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a Registration Statement of which this Prospectus is a part, are hereby offered, upon the terms and subject to the conditions set forth in this Prospectus and the accompanying letter of transmittal (the "Letter of Transmittal" and, together with this Prospectus, the "Exchange Offer"), in exchange for an equal principal amount of outstanding Pass Through Certificates, Series 1996 (the "Old Certificates"), of which \$489,267,000 aggregate principal amount is outstanding as of the date hereof. The New Certificates and the Old Certificates are collectively referred to herein as the "Certificates."

Any and all Old Certificates that are validly tendered and not withdrawn on or prior to 5:00 P.M., New York City time, on the date the Exchange Offer expires, which will be August 28, 1996 (30 calendar days following the commencement of the Exchange Offer) unless the Exchange Offer is extended (such date, including as extended, the "Expiration Date") will be accepted for exchange. Tenders of Old Certificates may be withdrawn at any time prior to 5:00 P.M., New York City time on the Expiration Date. The Exchange Offer is not conditioned upon any minimum principal amount of Old Certificates being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions which may be waived by the Company and to the terms of the Registration Rights Agreement (as defined herein). Old Certificates may be tendered only in integral multiples of \$1,000. See "The Exchange Offer."

The New Certificates will be entitled to the benefits of the same Pass-Through Trust Agreements (as defined herein) which govern the Old Certificates and will govern the New Certificates. The form and terms of the New Certificates are the same in all material respects as the form and terms of the Old Certificates, except that the New Certificates do not contain terms with respect to the interest rate step-up provisions and the New Certificates have been registered under the Securities Act and therefore will not bear legends restricting the transfer thereof. See "The Exchange Offer" and "Description of New Certificates."

(continued on next page)

 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY
 PARTICIPANTS IN THE EXCHANGE OFFER, SEE "RISK FACTORS" BEGINNING ON PAGE 27 OF
 THIS PROSPECTUS.

Pass Through Certificates	Principal Amount	Interest Rate	Final Expected Distribution Date
1996-A.....	\$269,518,000	6.94%	October 15, 2013
1996-B.....	\$ 94,332,000	7.82%	October 15, 2013
1996-C.....	\$ 74,117,000	9.50%	October 15, 2013
1996-D.....	\$ 51,300,000	12.48%	October 15, 2013
TOTAL	\$489,267,000		

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus is July 29, 1996

Each Certificate represents a fractional undivided interest in one of the four Continental Airlines 1996 Pass Through Trusts (the "Class A Trust", the "Class B Trust", the "Class C Trust" and the "Class D Trust" and, collectively, the "Trusts") formed pursuant to four separate pass through trust agreements (the "Pass Through Trust Agreements") between Continental and Wilmington Trust Company (the "Trustee"), as trustee under each Trust. Pursuant to an Intercreditor Agreement (as defined herein), (i) the Certificates of the Class B Trust are subordinated in right of payment to the Certificates of the Class A Trust, (ii) the Certificates of the Class C Trust are subordinated in right of payment to the Certificates of the Class B Trust and (iii) the Certificates of the Class D Trust are subordinated in right of payment to the Certificates of the Class C Trust. Payments of interest on the Certificates issued by each Trust (other than the Class D Trust) are supported by separate liquidity facilities for the benefit of the holders of such Certificates, each such facility provided initially by Credit Suisse, acting through its New York branch, in an amount sufficient to pay interest thereon at the applicable interest rate for such Trust on six successive quarterly distribution dates. The Certificates issued by the Class D Trust were acquired by the Owner Participant (as defined herein) or its affiliate.

The property of the Trusts includes, among other things, equipment notes (the "Equipment Notes") issued on a nonrecourse basis by the trustees of separate owner trusts (each, an "Owner Trustee") in connection with 18 separate leveraged lease transactions that refinanced the indebtedness of such Owner Trustees, originally incurred to finance the purchase of nine Boeing 737-524 aircraft and nine Boeing 757-224 aircraft (collectively, the "Aircraft") which have been leased to Continental. The Equipment Notes in respect of each Aircraft were issued in four series. Each Trust has purchased one series of the Equipment Notes issued with respect to each of the Aircraft such that all of the Equipment Notes held in each Trust will have an interest rate corresponding to the interest rate applicable to the Certificates issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final expected distribution date applicable to the Certificates issued by such Trust. The Equipment Notes issued with respect to each Aircraft are secured by a security interest in such Aircraft and an assignment of the lease relating thereto, including the right to receive rentals payable with respect to such Aircraft by Continental. Although neither the Certificates nor the Equipment Notes are direct obligations of, or guaranteed by, Continental, the amounts unconditionally payable by Continental for lease of the Aircraft will be sufficient to pay in full when due all amounts required to be paid on the Equipment Notes held in the Trusts.

All of the Equipment Notes held in each Trust will accrue interest at the applicable rate per annum for such Trust, payable on January 15, April 15, July 15 and October 15 of each year commencing on April 15, 1996. Such interest will be passed through to Certificateholders (as defined herein) of such Trust on each such date, in each case subject to the Intercreditor Agreement. See "Description of New Certificates--General" and "--Payments and Distributions." The New Certificates will accrue interest at the applicable per annum rate for such Trust, from the last date on which interest was paid on the Old Certificates surrendered in exchange therefor. See "The Exchange Offer--Interest on New Certificates."

Scheduled principal payments on the Equipment Notes held in each Trust will be passed through to the Certificateholders of each such Trust on January 15, April 15, July 15 and October 15 in certain years, commencing on January 15, 1997, in the case of each of the Class A Trust, the Class B Trust and the Class C Trust and January 15, 1999, in the case of the Class D Trust, in accordance with the principal repayment schedule set forth below under "Description of New Certificates--Pool Factors" and "Description of the Equipment Notes--Principal and Interest Payments," in each case subject to the Intercreditor Agreement.

Under each Pass Through Trust Agreement, an Event of Default will occur if the Trustee fails to pay within 10 business days of the due date thereof: (i) the outstanding Pool Balance (as defined herein) of the applicable Class of Certificates on the Final Maturity Date (as defined herein) for such Class or (ii) interest due on such Certificates on any distribution date (unless the Subordination Agent (as defined herein) shall have made an Interest Drawing (as defined herein) in an amount sufficient to pay such interest and shall have distributed such amount to the Certificateholders entitled thereto).

Based on interpretations by the staff of the Securities and Exchange Commission (the "Commission"), as set forth in no-action letters issued to third parties, including Exxon Capital Holdings Corporation, SEC No-Action Letter (available April 13, 1989) (the "Exxon Capital Letter"), Morgan Stanley & Co. Incorporated, SEC No-Action Letter (available June 5, 1991) (the "Morgan Stanley Letter") and Shearman & Sterling, SEC No-Action Letter (available July 2, 1993) (the "Shearman & Sterling Letter") (collectively, the "Exchange Offer No-Action Letters"), the Company believes that the New Certificates issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Certificates directly from the Trustee for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person to participate in a distribution of such New Certificates. By tendering the Old Certificates in exchange for New Certificates, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Old Certificates acquired directly from the Company for its own account; (ii) any New Certificates to be received by it will be acquired in the ordinary course of

its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such New Certificates and has no arrangement or understanding to participate in a distribution of the New Certificates. If a holder of Series A Notes is engaged in or intends to engage in a distribution of the Series B Notes or has any arrangement or understanding with respect to the distribution of the Series B Notes to be acquired pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each broker-dealer that receives New Certificates for its own account pursuant to the Exchange Offer (a "Participating Broker-Dealer") must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Participating Broker-Dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired by such Participating Broker-Dealer as a result of market-making activities or other trading activities. Pursuant to the Registration Rights Agreement, the Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus available to any Participating Broker-Dealer for use in connection with any such resale. See "Plan of Distribution."

The Company will not receive any proceeds from this offering. The Company has agreed to pay the expenses of the Exchange Offer. No underwriter is being utilized in connection with the Exchange Offer.

THE EXCHANGE OFFER IS NOT BEING MADE TO, NOR WILL THE COMPANY ACCEPT SURRENDERS FOR EXCHANGE FROM, HOLDERS OF OLD CERTIFICATES IN ANY JURISDICTION IN WHICH THE EXCHANGE OFFER OR THE ACCEPTANCE THEREOF WOULD NOT BE IN COMPLIANCE WITH THE SECURITIES AND BLUE SKY LAWS OF SUCH JURISDICTION.

Prior to this Exchange Offer, there has been no public market for the Old Certificates or New Certificates. If such a market were to develop, the New Certificates could trade at prices that may be higher or lower than their principal amount. Neither Continental nor any Trust has applied or intends to apply for listing of the New Certificates on any national securities exchange or for quotation of the New Certificates through the National Association of Securities Dealers Automated Quotation System. One or more of CS First Boston Corporation, Morgan Stanley & Co. Incorporated, Lehman Brothers, Merrill Lynch & Co. and FIELDSTONE FPCG SERVICES, L.P. (the "Initial Purchasers") have previously made a market in the Old Certificates and Continental has been advised by the Initial Purchasers that one or more of them intends to make a market in the New Certificates, as permitted by applicable laws and regulations, after consummation of the Exchange Offer. None of the Initial Purchasers is obligated, however, to make a market in the Old Certificates or the New Certificates and any such market making activity may be discontinued at any time without notice at the sole discretion of each Initial Purchaser. There can be no assurance as to the liquidity of the public market for the New Certificates or that any active public market for the New Certificates will develop or continue. If an active public market does not develop or continue, the market prices and liquidity of the New Certificates may be adversely affected. See "Risk Factors--Absence of a Public Market for the New Certificates."

AVAILABLE INFORMATION

Continental is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information may be inspected and copied at the following public reference facilities maintained by the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549; Seven World Trade Center, 13th Floor, New York, New York 10048; and Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material may also be obtained from the Public Reference Section of the Commission at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, upon payment of prescribed rates. The Commission maintains a Web site at <http://www.sec.gov> containing reports, proxy statements and other information regarding registrants that file electronically with the Commission, including Continental. In addition, reports, proxy statements and other information concerning Continental may be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Continental is the successor to Continental Airlines Holdings, Inc. ("Holdings"), which merged with and into Continental on April 27, 1993. Holdings had also been subject to the informational requirements of the Exchange Act.

This Prospectus constitutes a part of a registration statement on Form S-4 (together with all amendments and exhibits, the "Registration Statement") filed by Continental with the Commission under the Securities Act, with respect to the New Certificates offered hereby. This Prospectus omits certain of the information contained in the Registration Statement, and reference is hereby made to the Registration Statement for further information with respect to Continental and Holdings and the securities offered hereby. Although statements concerning and summaries of certain documents are included herein, reference is made to the copy of such document filed as an exhibit to the Registration Statement or otherwise filed with the Commission. These documents may be inspected without charge at the office of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549, and copies may be obtained at fees and charges prescribed by the Commission.

REPORTS TO PASS THROUGH CERTIFICATEHOLDERS

Wilmington Trust Company, in its capacity as Pass Through Trustee under each of the Trusts, will provide the certificateholders of each Trust certain periodic reports concerning the distributions made from such Trust. See "Description of New Certificates -- Reports to Certificateholders."

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission (File No. 0-9781) are hereby incorporated by reference in this Prospectus: (i) Continental's Annual Report on Form 10-K for the year ended December 31, 1995 (as amended by Forms 10-K/A1 and 10-K/A2 filed on March 8, 1996 and April 10, 1996, respectively), (ii) Continental's Quarterly Report on Form 10-Q for the quarter ended March 31, 1996, (iii) Continental's Current Reports on Form 8-K, filed on January 31, 1996, March 26, 1996, May 7, 1996, June 27, 1996 and July 22, 1996.

All reports and any definitive proxy or information statements filed by Continental pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the offering of the securities offered hereby shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated herein by reference, or contained in this Prospectus, shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THIS PROSPECTUS INCORPORATES DOCUMENTS BY REFERENCE THAT ARE NOT PRESENTED HEREIN OR DELIVERED HERewith. THESE DOCUMENTS ARE AVAILABLE WITHOUT CHARGE TO ANY PERSON TO WHOM A PROSPECTUS IS DELIVERED, UPON WRITTEN OR ORAL REQUEST OF SUCH PERSON, FROM CONTINENTAL AIRLINES, INC., 2929 ALLEN PARKWAY, SUITE 2010, HOUSTON, TEXAS 77019, ATTENTION: SECRETARY, TELEPHONE (713) 834-2950. IN ORDER TO ENSURE TIMELY DELIVER OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY AUGUST 23, 1996.

PROSPECTUS SUMMARY

The following summary information is qualified in its entirety by the detailed information and financial statements (including the notes thereto) appearing elsewhere or incorporated by reference in this Prospectus. Prospective investors should consider carefully the matters discussed under the caption "Risk Factors." Unless otherwise stated or unless the context otherwise requires, references to "Continental" or the "Company" include Continental Airlines, Inc. and its predecessors and subsidiaries. All route, fleet, traffic and similar information appearing in this Prospectus is as of or for the period ended April 30, 1996, unless otherwise stated herein.

THE COMPANY

Continental Airlines, Inc. is a major United States air carrier engaged in the business of transporting passengers, cargo and mail. Continental is the fifth largest United States airline (as measured by revenue passenger miles in the first three months of 1996) and, together with its wholly owned subsidiary, Continental Express, Inc. ("Express"), and its 91%-owned subsidiary, Continental Micronesia, Inc. ("CMI"), serves 190 airports worldwide.

The Company operates its route system primarily through domestic hubs at Newark, Houston Intercontinental and Cleveland, and a Pacific hub on Guam and Saipan. Each of Continental's three U.S. hubs is located in a large business and population center, contributing to a high volume of "origin and destination" traffic. The Guam/Saipan hub is strategically located to provide service from Japanese and other Asian cities to popular resort destinations in the western Pacific. Continental is the primary carrier at each of these hubs, accounting for 52%, 79%, 53% and 72% of all daily jet departures, respectively.

Continental directly serves 131 U.S. cities, with additional cities (principally in the western and southwestern United States) connected to Continental's route system under agreements with America West Airlines, Inc. ("America West"). Internationally, Continental flies to 59 destinations and offers additional connecting service through alliances with foreign carriers. Continental operates 66 weekly departures to six European cities and markets service to eight other cities through code-sharing agreements. Continental is one of the leading airlines providing service to Mexico and Central America, serving more destinations in Mexico than any other United States airline. In addition, Continental flies to four cities in South America, including service between Newark and Bogota, Colombia, with service on to Quito, Ecuador which began in June 1996. Through its Guam/Saipan hub, Continental provides extensive service in the western Pacific, including service to more Japanese cities than any other United States carrier.

The Company is a Delaware corporation. Its executive offices are located at 2929 Allen Parkway, Suite 2010, Houston, Texas 77019, and its telephone number is (713) 834-2950.

THE EXCHANGE OFFER

Registration Rights Agreement

The Old Certificates were issued on January 31, 1996 to the Initial Purchasers and the Owner Participant. The Initial Purchasers placed the Old Certificates with institutional investors. In connection therewith, the Company, the Trustee, as trustee under each of the Trusts, and the Initial Purchasers entered into the Registration Rights Agreement providing, among other things, for the Exchange Offer. See "The Exchange Offer."

The Exchange Offer

New Certificates are being offered in exchange for an equal principal amount of Old Certificates. As of the date hereof, \$489,267,000 aggregate principal amount of Old Certificates are outstanding. Old Certificates may be tendered only in integral

multiples of \$1000.

Resale of New Certificates

Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, including the Exchange Offer No-Action Letters, the Company believes that the New Certificates issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Certificates directly from the Trustee for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person to participate in a distribution of such New Certificates. By tendering the Old Certificates in exchange for New Certificates, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Old Certificates acquired directly from the Company for its own account; (ii) any New Certificates to be received by it were acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such New Certificates and has no arrangement or understanding to participate in a distribution of the New Certificates. If a holder of Series A Notes is engaged in or intends to engage in a distribution of the Series B Notes or has any arrangement or understanding with respect to the distribution of the Series B Notes to be acquired pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each Participating Broker-Dealer that receives New Certificates for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Participating Broker-Dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired by such Participating Broker-Dealer as a result of market-making activities

or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus available to any Participating Broker-Dealer for use in connection with any such resale. See "Plan of Distribution." To comply with the securities laws of certain jurisdictions, it may be necessary to qualify for sale or register the New Certificates prior to offering or selling such New Certificates. The Company has agreed, pursuant to the Registration Rights Agreement and subject to certain specified limitations therein, to register or qualify the New Certificates for offer or sale under the securities or "blue sky" laws of such jurisdictions as may be necessary to permit the holders of New Certificates to trade the New Certificates without any restrictions or limitations under the securities laws of the several states of the United States.

Consequences of Failure to Exchange Old Certificates

Upon consummation of the Exchange Offer, subject to certain exceptions, holders of Old Certificates who do not exchange their Old Certificates for New Certificates in the Exchange Offer will no longer be entitled to registration rights and will not be able to offer or sell their Old Certificates, unless such Old Certificates are subsequently registered under the Securities Act (which, subject to certain limited exceptions, the Company will have no obligation to do), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "Risk Factors--Consequences of Failure to Exchange" and "The Exchange Offer--Terms of the Exchange Offer."

Expiration Date

5:00 p.m., New York City time, on August 28, 1996 (30 calendar days following the commencement of the Exchange Offer), unless the Exchange Offer is extended, in which case the term "Expiration Date" means the latest date and time to which the Exchange Offer is extended.

Interest on the New Certificates

The New Certificates will accrue interest at the applicable per annum for such Trust set forth on the cover page of this Prospectus, from the last date on which interest was paid on the Old Certificates surrendered in exchange therefor. Interest on the New Certificates is payable on January 15, April 15, July 15 and October 15 of each year commencing April 15, 1996, subject to the terms of the Intercreditor Agreement.

Conditions to the Exchange Offer

The Exchange Offer is not conditioned upon any minimum principal amount of Old Certificates being tendered for exchange. However, the Exchange Offer is subject to certain customary conditions, which may be waived by the Company. See "The Exchange Offer--Conditions." Except for the requirements of applicable Federal and state securities laws, there are no Federal or state regulatory requirements to be complied with or obtained by the Company in connection with the Exchange Offer.

Procedures for Tendering Old

Certificates

Each holder of Old Certificates wishing to accept the Exchange Offer must complete, sign and date the Letter of Transmittal, or a facsimile thereof, in accordance with the instructions contained herein and therein, and mail or otherwise deliver such Letter of Transmittal, or such facsimile, together with the Old Certificates to be exchanged and any other required documentation to the Exchange Agent (as defined herein) at the address set forth herein or effect a tender of Old Certificates pursuant to the procedures for book-entry transfer as provided for herein. See "The Exchange Offer--Procedures for Tendering" and "--Book Entry Transfer."

Guaranteed Delivery Procedures

Holders of Old Certificates who wish to tender their Old Certificates and whose Old Certificates are not immediately available or who cannot deliver their Old Certificates and a properly completed Letter of Transmittal or any other documents required by the Letter of Transmittal to the Exchange Agent prior to the Expiration Date may tender their Old Certificates according to the guaranteed delivery procedures set forth in "The Exchange Offer--Guaranteed Delivery Procedures."

Withdrawal Rights

Tenders of Old Certificates may be withdrawn at any time prior to 5:00 p.m., New York City time, on the Expiration Date. To withdraw a tender of Old Certificates, a written or facsimile transmission notice of withdrawal must be received by the Exchange Agent at its address set forth herein under "The Exchange Offer--Exchange Agent" prior to 5:00 p.m., New York City time, on the Expiration Date.

Acceptance of Old Certificates and Delivery of New Certificates

Subject to certain conditions, any and all Old Certificates which are properly tendered in the Exchange Offer prior to 5:00 p.m., New York City time, on the Expiration Date will be accepted for exchange. The New Certificates issued pursuant to the Exchange Offer will be delivered promptly following the Expiration Date. See "The Exchange Offer--Terms of the Exchange Offer."

Certain Tax Considerations

The exchange of New Certificates for Old Certificates should not be a sale or exchange or otherwise a taxable event for Federal income tax purposes. See "Certain Federal Income Tax Considerations."

Exchange Agent

Wilmington Trust Company is serving as exchange agent (the "Exchange Agent") in connection with the Exchange Offer

Fees and Expenses

All expenses incident to the Company's consummation of the Exchange Offer and compliance with the Registration Rights Agreement will be borne by the Company. See "The Exchange Offer--Fees and Expenses."

Use of Proceeds

There will be no cash proceeds payable to Continental from the issuance of the New Certificates pursuant to the Exchange Offer. The proceeds from the sale of the Old Class A, B and C Certificates were used to purchase the Series A, B and C Equipment Notes

issued by the related Owner Trustees in connection with the refinancing of the indebtedness incurred by the Owner Trustees to finance the purchase of each Aircraft. Such Equipment Notes, together with the Series D Equipment Notes contributed to the Class D Trust by the Owner Participant, represent in the aggregate the entire debt portion currently outstanding of the leveraged lease transactions relating to all of the Aircraft. Continental did not receive any of the proceeds from the original sale of the Old Certificates. See "Use of Proceeds."

SUMMARY OF TERMS OF NEW CERTIFICATES

The Exchange Offer relates to the exchange of up to \$489,267,000 aggregate principal amount of Old Certificates for up to an equal aggregate principal amount of New Certificates. The New Certificates will be entitled to the benefits of the same Indenture which governs the Old Certificates and will govern the New Certificates. The form and terms of the New Certificates are the same in all material respects as the form and terms of the Old Certificates, except that the New Certificates do not contain terms with respect to the interest rate step-up provisions and the New Certificates have been registered under the Securities Act and therefore will not bear legends restricting the transfer thereof. See "Description of New Certificates."

For additional information concerning the New Certificates, see "Description of New Certificates."

Trusts

Each of the Continental Airlines 1996-A Pass Through Trust, the Continental Airlines 1996-B Pass Through Trust, the Continental Airlines 1996-C Pass Through Trust and the Continental Airlines 1996-D Pass Through Trust was formed pursuant to one of the four separate Pass Through Trust Agreements entered into between the Company and Wilmington Trust Company, as trustee under each Trust. Each Trust is a separate entity.

Certificates Offered

Pass Through Certificates issued by each Trust, representing fractional undivided interests in such Trust. The Certificates issued by the Class A Trust, the Class B Trust, the Class C Trust and the Class D Trust are referred to herein as "Class A Certificates", "Class B Certificates", "Class C Certificates", and "Class D Certificates", respectively.

Subordination Agent

Wilmington Trust Company, as subordination agent under the Intercreditor Agreement (the "Subordination Agent").

Liquidity Provider

Initially, Credit Suisse, a bank organized under the laws of Switzerland, acting through its New York branch ("Credit Suisse"). Credit Suisse has provided three separate liquidity facilities for the benefit of the holders of Class A Certificates, Class B Certificates and Class C Certificates, respectively.

Trust Property

The property of each Trust (the "Trust Property") consists of (i) Equipment Notes issued on a nonrecourse basis by each of the Owner Trustees in 18 separate leveraged lease transactions that refinanced the indebtedness of the related Owner Trustee, originally

incurred to finance the purchase of each of nine Boeing 737-524 Aircraft and nine Boeing 757-224 Aircraft leased by the related Owner Trustee to Continental, (ii) the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights), (iii) except for the Class D Trust, all monies receivable under the Liquidity Facility for such Trust and (iv) funds from time to time deposited with the Trustee in accounts relating to such Trust. The Equipment Notes with respect to each Aircraft were issued in four series under an Indenture (each, an "Indenture") between the applicable Owner Trustee and the indenture trustee thereunder (the "Loan Trustee"). Each Trust has acquired, pursuant to certain Refunding Agreements (each, a "Refunding Agreement"), those Equipment Notes having an interest rate equal to the interest rate applicable to the Certificates to be issued by such Trust. The maturity dates of the Equipment Notes acquired by each Trust will occur on or before the final expected Regular Distribution Date applicable to the Certificates to be issued by such Trust. The aggregate original principal amount of the Equipment Notes held in each Trust is the same as the aggregate original face amount of the Certificates issued by such Trust.

SUMMARY OF TERMS OF CERTIFICATES

	CLASS A CERTIFICATES -----	CLASS B CERTIFICATES -----	CLASS C CERTIFICATES -----	CLASS D CERTIFICATES -----
Aggregate Face Amount	\$269,518,000	\$94,332,000	\$74,117,000	\$51,300,000
Initial Loan to Aircraft Value (cumulative)(1)	39.9%	53.9%	64.8%	72.4%
Expected Principal Distribution Window (in years)	1.0-17.7	1.0-17.7	1.0-17.7	3.0-17.7
Initial Average Life (in years)	10.0	10.0	10.0	11.4
Regular Distribution Dates	January 15, April 15, July 15 & October 15	January 15, April 15 July 15 & October 15	January 15, April 15 July 15 & October 15	January 15, April 15 July 15 & October 15
Final Expected Regular Distribution Date	October 15, 2013	October 15, 2013	October 15, 2013	October 15, 2013
Final Maturity Date	April 15, 2015	April 15, 2015	April 15, 2015	April 15, 2015
Minimum Denomination	\$100,000	\$100,000	\$100,000	\$100,000
(S) 1110 Protection (2)	Yes	Yes	Yes	Yes
Liquidity Facility Coverage	6 quarterly interest payments	6 quarterly interest payments	6 quarterly interest payments	None
Initial Liquidity Facility Amount (3)	\$30,078,208.80	\$11,772,633.60	\$11,117,550.00	None

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- (1) Assumes an aggregate appraised Aircraft Value of \$675,428,333.
- (2) The benefits of Section 1110 of the Bankruptcy Code are available to the Loan Trustees.
- (3) For each Class of Certificates (other than the Class D Certificates), the initial amount of the Liquidity Facility covers the first six quarterly interest payments (without regard to any future payments of principal on such Certificates). In aggregate for Class A, B and C Certificates, the initial amount of Liquidity Facilities is \$52,968,392.40.

EQUIPMENT NOTES AND THE AIRCRAFT

Set forth below is certain information about the Equipment Notes held in the Trusts and the Aircraft securing such Equipment Notes:

AIRCRAFT REGISTRATION NUMBER	AIRCRAFT TYPE	AIRCRAFT DELIVERY DATE	MATURITY DATE	OUTSTANDING PRINCIPAL AMOUNT OF EQUIPMENT NOTES	APPRAISED VALUE
N17104	Boeing 757-224	July 1994	October 2013	\$ 34,831,833	\$ 48,690,000
N17105	Boeing 757-224	August 1994	October 2013	34,950,567	48,839,333
N14106	Boeing 757-224	September 1994	October 2013	35,069,083	48,988,333
N14107	Boeing 757-224	October 1994	October 2013	35,185,433	49,134,000
N21108	Boeing 757-224	November 1994	October 2013	35,303,950	49,283,000
N12109	Boeing 757-224	December 1994	October 2013	35,422,683	49,432,333
N13110	Boeing 757-224	December 1994	October 2013	35,422,683	49,432,333
N18112	Boeing 757-224	February 1995	October 2013	35,670,768	49,730,668
N13113	Boeing 757-224	April 1995	October 2013	35,915,850	50,025,333
N17620	Boeing 737-524	February 1995	October 2012	18,910,750	25,555,000
N19623	Boeing 737-524	January 1995	October 2012	18,875,000	25,441,000
N13624	Boeing 737-524	February 1995	October 2012	18,910,750	25,555,000
N46625	Boeing 737-524	January 1995	October 2012	18,875,000	25,441,000
N32626	Boeing 737-524	April 1995	April 2013	19,058,950	25,783,000
N17627	Boeing 737-524	April 1995	April 2013	19,058,950	25,783,000
N62631	Boeing 737-524	June 1995	July 2013	19,207,150	26,011,000
N16632	Boeing 737-524	July 1995	July 2013	19,281,250	26,125,000
N24633	Boeing 737-524	August 1995	July 2013	19,316,350	26,179,000
				\$ 489,267,000	\$ 675,428,333

The appraised value of each Aircraft set forth above is based upon the lesser of the average or median fair market value of such Aircraft as appraised by three independent appraisal and consulting firms: Aircraft Information Services, Inc. ("AISI"), BK Associates, Inc. ("BK") and Morten Beyer and Associates, Inc. ("MBA") (collectively, the "Appraisers") as of January 3, 1996. See "Risk Factors--Appraisals and Realizable Value of Aircraft" and "Description of the Aircraft and the Appraisals".

LOAN TO AIRCRAFT VALUE RATIOS

The following table sets forth loan to Aircraft value ratios ("LTVs") for each Class of Certificates as of the Regular Distribution Dates specified therein. The LTVs for each Class of Certificates were obtained for each such Regular Distribution Date by dividing (i) the expected Pool Balance of such Class of Certificates together in each case with the expected Pool Balance of all other Classes of Certificates senior in right of payment to such Class of Certificates under the Intercreditor Agreement determined immediately after giving effect to the distributions expected to be made on such Regular Distribution Date, by (ii) the assumed value of all of the Aircraft (the "Assumed Aggregate Aircraft Value") on such Regular Distribution Date based on the assumptions set forth below.

The table is based on the assumption that the value of each Aircraft included in the Assumed Aggregate Aircraft Value opposite January 1996 depreciates by 2% per year until the fifteenth year after the year of delivery of such Aircraft and 4% per year thereafter. Other rates or methods of depreciation would result in materially different LTVs and no assurance can be given (i) that the depreciation rates and method assumed for the purpose of the table are the ones most likely to occur or (ii) as to the actual future value of any Aircraft. Although the table is compiled on an aggregate basis, it should be noted that, since the Equipment Notes are not cross-collateralized with respect to the Aircraft, the excess proceeds realized from the disposition of any particular Aircraft would not be available to offset shortfalls on the Equipment Notes relating to any other Aircraft. Therefore, upon the occurrence of 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 all Classes of Certificates in full. See "Description of the Equipment Notes--Security" for additional information regarding LTVs for the Equipment Notes issued in respect of each Aircraft which may be more relevant in a default situation than the aggregate values shown in the following table. Thus, 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.

Regular Distribution Date	Assumed Aggregate Aircraft Value (1)	Class A Certificates Pool Balance	Class A Certificates LTV	Class B Certificates Pool Balance	Class B Certificates LTV	Class C Certificates Pool Balance	Class C Certificates LTV	Class D Certificates Pool Balance	Class D Certificates LTV
January 1996	\$675,428,333	\$269,518,000	39.90%	\$94,332,000	53.87%	\$74,117,000	64.84%	\$51,300,000	72.44%
January 1997	661,919,767	264,233,332	39.92	92,482,354	53.89	72,663,725	64.87	51,300,000	72.62
January 1998	648,411,200	259,032,772	39.95	90,662,145	53.93	71,233,578	64.92	51,300,000	72.83
January 1999	634,902,633	250,794,034	39.50	87,778,554	53.33	68,967,944	64.19	47,793,051	71.72
January 2000	621,394,067	239,121,593	38.48	83,693,163	51.95	65,758,043	62.53	46,536,115	70.02
January 2001	607,885,500	225,745,475	37.14	79,011,491	50.13	62,079,627	60.35	46,536,115	68.00
January 2002	594,376,933	206,221,031	34.70	72,177,883	46.84	56,710,436	56.38	46,536,115	64.21
January 2003	580,868,367	185,903,625	32.00	65,066,737	43.21	51,123,181	52.01	46,536,115	60.02
January 2004	567,359,800	169,515,666	29.88	59,330,915	40.34	46,616,514	48.55	46,536,115	56.75
January 2005	553,851,233	152,042,236	27.45	53,215,176	37.06	41,811,345	44.61	45,865,832	52.89
January 2006	540,342,667	135,415,490	25.06	47,395,782	33.83	37,239,014	40.72	35,083,602	47.22
January 2007	526,834,100	118,271,350	22.45	41,395,298	30.31	32,524,401	36.48	22,943,184	40.84
January 2008	513,325,533	91,294,275	17.78	31,953,260	24.01	25,105,747	28.90	17,160,335	32.24
January 2009	499,816,967	69,099,185	13.82	24,184,899	18.66	19,002,151	22.47	13,255,258	25.12
January 2010	479,432,413	56,341,836	11.75	19,719,786	15.86	15,493,909	19.10	11,198,303	21.43
January 2011	452,415,280	39,790,496	8.80	13,926,766	11.87	10,942,324	14.29	9,210,679	16.33
January 2012	426,420,347	20,863,519	4.89	7,302,266	6.61	5,737,445	7.95	7,471,052	9.70
January 2013	337,185,813	2,189,921	0.65	766,473	0.88	602,228	1.06	3,284,825	2.03

(1) The Assumed Aggregate Aircraft Value set forth opposite January 1996 (but not the Assumed Aggregate Aircraft Values for subsequent periods) was determined based upon the lesser of the average or median fair market value of all Aircraft as appraised by the Appraisers as of January 1996 (see "Description of the Aircraft and the Appraisals"). No assurance can be given that such value represents the realizable value of any Aircraft. See "Risk Factors--Appraisals and Realizable Value of Aircraft" and "Description of the Aircraft and the Appraisals".

CASH FLOW STRUCTURE

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

[Chart appears here]

* Each Aircraft is subject to a separate Lease and the related Indenture.

Certificates; Denominations

The new certificates of each Trust will be issued in a minimum denomination of \$1000 and in integral multiples thereof. See "Description of New Certificates--General".

Regular Distribution Dates

January 15, April 15, July 15 and October 15, commencing April 15, 1996.

Special Distribution Dates

Any Business Day on which Special Payment is to be distributed.

Record Dates

The fifteenth day preceding a Regular Distribution Date or a Special Distribution Date.

Distributions

All payments of principal, premium (if any) and interest received by the Trustee on the Equipment Notes held in each Trust will be distributed by the Trustee to the holders of the Certificates (the "Certificateholders") of such Trust on the Regular Distribution Dates referred to above, subject to the provisions of the Intercreditor Agreement. Payments on the Equipment Notes held in each Trust are scheduled to be received in specified amounts by the Trustee of such Trust on January 15, April 15, July 15 and October 15, commencing on April 15, 1996, and to be distributed to the Certificateholders of such Trust on the corresponding Regular Distribution Date, subject to the provisions of the Intercreditor Agreement. Payments of principal, premium (if any) and interest resulting from the early redemption or purchase (if any) of the Equipment Notes held in any Trust will be distributed on a Special Distribution Date after not less than 20 days' notice from the Trustee to the Certificateholders of such Trust, subject to the provisions of the Intercreditor Agreement. For a discussion of distributions upon an Indenture Default, see "Description of New Certificates-- Indenture Defaults and Certain Rights Upon an Indenture Default".

Events of Default

Events of Default under each Pass Through Trust Agreement (each, a "PTC Event of Default") are the failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance of the applicable Class of Certificates on the Final Maturity Date for such Class or (ii) interest due on such Certificates on any distribution date (unless in the case of the Class A, B or C Certificates the Subordination Agent shall have made an Interest Drawing with respect thereto in an amount sufficient to pay such interest and shall have distributed such amount to the Certificateholders entitled thereto). The Final Maturity Dates for each of the Class A, B, C and D Certificates is April 15, 2015. Any failure to make expected principal distributions on any 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.

Purchase Rights of Certificateholders

Upon the occurrence and during the continuation of a Triggering Event (as defined below), (i) the Class B Certificateholders shall have the

right to purchase all, but not less than all, of the Class A Certificates, (ii) the Class C Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates and (iii) the Class D Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Class C Certificates, in each case at a purchase price equal to the Pool Balance of the relevant Class or Classes of Certificates plus accrued and unpaid interest thereon to the date of purchase without premium but including any other amounts due to the Certificateholders of such Class or Classes.

"Triggering Event" means (x) the occurrence of an Indenture Default under all Indentures 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.

Equipment Notes
(a) Interest

The Equipment Notes held in each Trust accrue interest at the applicable rate per annum for such Trust, payable on January 15, April 15, July 15 and October 15 of each year commencing on April 15, 1996, and such interest payments will be passed through to Certificateholders of such Trust on each such date until the final distribution date for such Certificates, in each case, subject to the Intercreditor Agreement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. See "Description of New Certificates--General" and "--Payments and Distributions". The interest rates for the Equipment Notes are subject to increases under certain circumstances described in "The Exchange Offer--Terms of the Exchange Offer" to the same extent as the interest rates for the Old Certificates. The New Certificates do not contain terms with respect to interest rate step-up provisions of the Old Certificates.

(b) Principal

Scheduled principal payments on the Equipment Notes held in each Trust will be passed through to the Certificateholders of each such Trust on January 15, April 15, July 15 and October 15 in certain years, commencing on January 15, 1997, in the case of each of the Class A Trust, the Class B Trust and the Class C Trust and January 15, 1999, in the case of the Class D Trust, in accordance with the principal repayment schedule set forth below under "Description of New Certificates--Pool Factors" and "Description of the Equipment Notes--Principal and Interest Payments", in each case, subject to the Intercreditor Agreement.

(c) Redemption and Purchase

- (i) The Equipment Notes issued with respect to an Aircraft will be redeemed in whole upon the occurrence of an Event of Loss with respect to such Aircraft if such Aircraft is not replaced by Continental under the related Lease, in each case at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the date of

redemption, but without any premium.

(ii) All of the Equipment Notes issued with respect to any Aircraft may be redeemed prior to maturity at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the date of redemption, plus a Make-Whole Premium (as defined herein). See "Description of the Equipment Notes--Redemption" for a description of the manner of computing such Make-Whole Premium and the circumstances under which the Equipment Notes may be so redeemed.

(iii) If, with respect to an Aircraft, (x) one or more Lease Events of Default shall have occurred and be continuing, (y) the Loan Trustee with respect to such Equipment Notes shall take action or notify the applicable Owner Trustee that it intends to take action to foreclose the lien of the related Indenture or otherwise commence the exercise of any significant remedy under such Indenture or the related Lease or (z) the Equipment Notes with respect to such Aircraft shall have been accelerated, then in each case the Equipment Notes issued with respect to such Aircraft may be purchased by the Owner Trustee or Owner Participant on the applicable purchase date at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the purchase date, but without any premium (provided that a premium shall be payable if such Equipment Notes are to be purchased pursuant to clause (x) above when (A) a Lease Event of Default shall have occurred and be continuing for less than 120 days or (B) the only Lease Event of Default under the related Lease arises from the cross-default provisions of such Lease).

(d) Security

The Equipment Notes issued with respect to each Aircraft are secured by a security interest in such Aircraft and an assignment to the related Loan Trustee of certain of the related Owner Trustee's rights under the Lease with respect to such Aircraft, including the right to receive payments of rent thereunder, with certain exceptions. The Equipment Notes are not cross-collateralized and, consequently, the Equipment Notes issued in respect of any one Aircraft are not secured by any of the other Aircraft or the Leases related thereto. There are no cross-default provisions in the Indentures. Consequently, events resulting in an Indenture Default under any particular Indenture may or may not result in an Indenture Default occurring under any other Indenture. However, a Lease Event of Default under any particular Lease will constitute a Lease Event of Default under all Leases due to the cross-default provisions in the Leases, and will consequently result in an Indenture Default under all Indentures. 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 under the Indentures with respect to

such remaining Aircraft. See "Description of the Equipment Notes--Security" and "--Indenture Defaults, Notice and Waiver".

Although the Equipment Notes are not obligations of, or guaranteed by, Continental, the amounts unconditionally payable by Continental for lease of the Aircraft will be sufficient to pay in full when due all amounts required to be paid on the Equipment Notes. See "Description of the Equipment Notes--General".

(e) Section 1110 Protection

Cleary, Gottlieb, Steen & Hamilton, counsel to Continental, has advised the Loan Trustees that the Owner Trustee, as lessor under the Lease relating to each Aircraft, and the related Loan Trustee, as assignee of such Owner Trustee's rights under such Lease pursuant to the related Indenture, are entitled to the benefits of 11 U.S.C. (S)1110 with respect to the airframe and engines comprising the related Aircraft. See "Description of the Equipment Notes--Remedies" for a description of that opinion and certain assumptions contained therein.

The Bankruptcy Reform Act of 1994 (the "Act") amended Section 1110 by, among other things, providing that the lessor under a lease of aircraft first placed in service prior to the date of the enactment of the Act will be entitled to the benefits of Section 1110 if the lessor and the lessee have expressed in the applicable agreement or in a substantially contemporaneous writing that the applicable agreement is to be treated as a lease for Federal income tax purposes. Each of the Leases relating to the four Aircraft placed in service prior to the enactment of the Act contains such a written statement.

(f) Ranking

Series B Equipment Notes issued in respect of any Aircraft are subordinated in right of payment to Series A Equipment Notes issued in respect of such Aircraft; Series C Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series B Equipment Notes; and Series D Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series C Equipment Notes. On each Distribution Date, (i) payments of interest and principal due on Series A Equipment Notes issued in respect of any Aircraft will be made prior to payments of interest and principal due on Series B Equipment Notes issued in respect of such Aircraft, (ii) payments of interest and principal due on such Series B Equipment Notes will be made prior to payments of interest and principal due on Series C Equipment Notes issued in respect of such Aircraft and (iii) payments of interest and principal due on such Series C Equipment Notes will be made prior to payments of interest and principal due on Series D Equipment Notes issued in respect of such Aircraft.

(g) Owner Participant

General Electric Company is currently the owner participant ("Owner Participant") with respect to all of the eighteen leveraged leases for the Aircraft. The Owner Participant or its affiliate acquired all of the Class D Certificates at the time of their issuance. The Owner Participant and certain of its affiliates have various business relationships with Continental, including as a secured lender and a supplier of certain

equipment and services to Continental. Due to such relationships and GE's capacities as both the Owner Participant and the Class D Certificateholder, interests of GE may not be consistent with, or may conflict with, interests of other Certificateholders. General Electric Company has the right to sell, assign or otherwise transfer its interests as Owner Participant in any or all of such leveraged leases, subject to the terms and conditions of the relevant Participation Agreement and related documents, and the Class D Certificateholder will have the right to sell any or all Class D Certificates, subject to the terms and conditions of the Pass Through Trust Agreement for the Class D Trust.

Liquidity Facilities

The Subordination Agent and the Liquidity Provider have entered into a revolving credit agreement (each, a "Liquidity Facility") with respect to each Trust (other than the Class D Trust). Under each of the Liquidity Facilities, the Liquidity Provider will, if necessary, make advances ("Interest Drawings") in an aggregate amount sufficient to pay interest on the Class A, B or C Certificates, as the case may be, on up to six successive quarterly Regular Distribution Dates (without regard to any future payments of principal on such Certificates) at the respective interest rates (without any penalty or default margin but after giving pro forma effect to adjustments arising from Registration Defaults, provided that such adjustments shall cease to apply at such time as the interest rate borne by such Certificates is no longer subject to increase pursuant to the terms of the Registration Rights Agreement) on such Certificates (the "Stated Interest Rates"). The initial amount available under the Liquidity Facilities for the Class A Certificates, the Class B Certificates and the Class C Certificates will be \$30,078,208.80, \$11,772,633.60 and \$11,117,550.00, respectively. An Interest Drawing under the relevant Liquidity Facility will be made promptly 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 any Class A, B or C Certificates; provided, however, that on any date the maximum amount available under such Liquidity Facility to fund any shortfall in interest due on such Certificates will not exceed an amount equal to the then stated amount of such Liquidity Facility. The Liquidity Facility for any Class of Certificates does not provide for drawings thereunder to pay for principal of or premium on the Certificates of such Class, any interest on the Certificates of such Class in excess of the Stated Interest Rates, or principal of or interest or premium on the Certificates of any other Class.

Upon each Interest Drawing under any Liquidity Facility, the Subordination Agent will be obligated to reimburse (to the extent that the Subordination Agent has available funds therefor) the Liquidity Provider for the amount of such drawing. Such reimbursement obligation and any other amounts owing to the Liquidity Provider under each Liquidity Facility or certain other agreements (the "Liquidity Obligations") will rank pari passu with the Liquidity Obligations relating to all other Liquidity Facilities and will rank senior to the Certificates in right of payment. Upon reimbursement in

full of the Interest Drawings (but not other Drawings), together with any accrued interest thereon, under any Liquidity Facility, the amount available under such Liquidity Facility will be reinstated to the then stated amount of such Liquidity Facility; provided that the amount will not be so reinstated if (i) a Triggering Event shall have occurred and be continuing and (ii) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes.

If at any time the short-term unsecured debt rating of any Liquidity Provider issued by either Rating Agency is lower than the Threshold Rating, the Liquidity Facility for the related Class of Certificates will be required to be replaced by another similar facility to be provided by a financial institution having unsecured short-term debt ratings issued by both Rating Agencies which are equal to or higher than the Threshold Rating. If such Liquidity Facility is not replaced within 10 days after notice of the downgrading, such Liquidity Facility will be drawn in full (the "Downgrade Drawing") and the proceeds will be deposited into the Cash Collateral Account for the related Class of Certificates and used for the same purposes and under the same circumstances and subject to the same conditions as cash payments of Interest Drawings under such Liquidity Facility would be used. In addition, the Intercreditor Agreement will provide for the replacement or extension of the Liquidity Facility for any Class of Certificates which is scheduled to expire prior to the date that is fifteen days after the Final Maturity Date for such Class. If such Liquidity Facility cannot be so replaced or extended by the date that is 25 days prior to the then scheduled expiration date of such Liquidity Facility, such Liquidity Facility will be drawn in full (the "Non-Extension Drawing") and the proceeds will be deposited in the Cash Collateral Account for the related Class of Certificates and used for the same purposes and under the same circumstances and subject to the same conditions as cash payments of Interest Drawings under such Liquidity Facility would be used. Each initial Liquidity Facility is scheduled to expire on January 29, 1997, subject to annual extensions by mutual agreement.

Continental, in consultation with the Subordination Agent, may direct the Owner Participants (which shall follow such direction unless they have a bona fide, good faith reason not to) to arrange for a replacement facility at any time to replace the Liquidity Facility for any Trust. If such replacement facility is provided at any time after a Downgrade Drawing or Non-Extension Drawing under such Liquidity Facility, the funds on deposit in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced.

Notwithstanding the subordination provisions of the Intercreditor Agreement, the holders of the Certificates to be issued by each Trust (other than the Class D Trust) will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility for such Trust. See "Description of the Liquidity Facilities".

Intercreditor Agreement

(a) Subordination

The Trusts, the Liquidity Providers and the Subordination Agent have entered into an agreement (the "Intercreditor Agreement") which provides as follows:

- (i) All payments made in respect of the Equipment Notes and certain other payments will be made to the Subordination Agent which will distribute such payments in accordance with the provisions of paragraphs (ii) through (iv) below.
- (ii) On any Regular Distribution Date or Special Distribution Date (each, a "Distribution Date"), so long as no Triggering Event shall have occurred (whether or not continuing), all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be distributed in the following order: (1) payment of the Liquidity Obligations; (2) payment of Expected Distributions to the holders of Class A Certificates; (3) payment of Expected Distributions to the holders of Class B Certificates; (4) payment of Expected Distributions to the holders of Class C Certificates; (5) payment of Expected Distributions to the holders of Class D Certificates; and (6) payment of certain fees and expenses of the Subordination Agent and the Trustees.

"Expected Distributions" means, with respect to the Certificates of any Trust on any Distribution Date (the "Current Distribution Date") the sum of (x) accrued and unpaid interest on such Certificates and (y) the difference between (A) the Pool Balance of such Certificates as of the immediately preceding Distribution Date and (B) the Pool Balance of such Certificates as of the Current Distribution Date, calculated on the basis that the principal of the Equipment Notes held in such Trust has been paid when due (whether at stated maturity, upon redemption, prepayment or acceleration or otherwise) and such payments have been distributed to the holders of such Certificates.

- (iii) Upon the occurrence of a Triggering Event and at all times thereafter, subject to the provisions of paragraph (iv) below, all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be distributed in the following order: (1) to the Liquidity Provider in payment of the Liquidity Obligations and certain other parties in payment of the Administration Expenses (as defined herein); (2) to the holders of Class A Certificates in payment of Final Distributions; (3) to the holders of Class B Certificates in payment of Final Distributions; (4) to the holders of Class C Certificates in payment of Final Distributions; and (5) to the holders of Class D Certificates in payment of Final Distributions.

"Final Distributions" means, with respect to the Certificates of any Trust on any Distribution Date, the sum of (x) accrued and

unpaid interest on such Certificates and (y) the Pool Balance of such Certificates as of the immediately preceding Distribution Date.

- (iv) Notwithstanding the foregoing paragraph, after the occurrence of a Triggering Event (whether or not continuing), so long as no PTC Event of Default shall have occurred and be continuing with respect to the most senior Class of Certificates outstanding, any regularly scheduled payment received on any Equipment Notes (the "Performing Equipment Notes") with respect to which there is no payment default (without giving effect to any acceleration thereof) shall be distributed as follows:
- (x) interest paid on all of the Performing Equipment Notes (the "Performing Equipment Notes Interest Payment") will be distributed in the following order: (1) to the Liquidity Providers in payment of the Liquidity Obligations and certain other parties in payment of the Administration Expenses (as defined herein); (2) to the holders of Class A Certificates in payment of accrued and unpaid interest on the Class A Certificates; (3) to the holders of Class B Certificates in payment of accrued and unpaid interest on the Class B Certificates; (4) to the holders of Class C Certificates in payment of accrued and unpaid interest on the Class C Certificates; and (5) to the holders of Class D Certificates; provided that the provisions of this paragraph (x) will be given effect before distribution of any funds received in respect of any Equipment Notes other than the Performing Equipment Notes (the "Non-Performing Equipment Notes");
- (y) principal paid in respect of the Performing Equipment Notes (after paying in full the Liquidity Obligations and the Administration Expenses) (the "Performing Equipment Notes Principal Payment") will be distributed in the following order: (1) to the holders of Class A Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; (2) to the holders of Class B Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; (3) to the holders of Class C Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such

Trust; and (4) to the holders of Class D Certificates; provided that the provisions of this paragraph (y) will be given effect after distributing any funds received in respect of any Non-Performing Equipment Notes;

provided that if the aggregate amount of future scheduled payments in respect of the Performing Equipment Notes, together with the Performing Equipment Notes Principal Payment as of such Distribution Date, will be (assuming the distribution of such amount as contemplated by paragraphs (x) and (y) and that no further payment will be received at any time from the Non-Performing Equipment Notes) insufficient to pay interest on any Class of Certificates and reduce the Pool Balance of such Class of Certificates to zero before the Final Maturity Date thereof, the amount of distributions to be made to the holders of such Class of Certificates on such Distribution Date will be increased by the amount necessary to eliminate such insufficiency prior to making any distributions to the holders of any Class of Certificates junior to such Class of Certificates and such increase shall be taken into account for the purpose of applying this proviso to the holders of any such junior Class of Certificates.

"Adjusted Expected Distribution" for the Certificates of any Trust means, with respect to any Distribution Date, the sum of (x) accrued and unpaid interest on such Certificates (after taking into account the distribution of the Performing Equipment Notes Interest Payment and any funds received in respect of Non-Performing Equipment Notes on such Distribution Date) plus (y) the amount (which shall not be less than zero) equal to (A) the Adjusted Pool Balance of such Trust as of such Distribution Date minus (B) the Pool Balance of such Trust as of such Distribution Date, calculated on the basis that all payments on the Equipment Notes held in such Trust have been paid when due (but without giving effect to any acceleration of Performing Equipment Notes held in such Trust) and such payments have been distributed to the holders of such Certificates.

"Adjusted Pool Balance" of any Trust means, with respect to any Current Distribution Date, the Pool Balance of such Trust as of the immediately preceding Distribution Date minus any amounts received in respect of any Non-Performing Equipment Notes distributed to the holders of the Certificates of such Trust on the Current Distribution Date other than in respect of interest or premium thereon.

(b) Intercreditor Rights

Pursuant to the Intercreditor Agreement, the Trustees and the Liquidity Provider have agreed that, with respect to any Indenture at any given time, the Loan Trustee will be directed (a) in taking, or refraining from taking, any action thereunder by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued thereunder as long as no Indenture Default has occurred and is continuing thereunder and (b) subject to certain conditions, in exercising remedies thereunder (including acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes) by

the Controlling Party insofar as an Indenture Default thereunder has occurred and is continuing.

"Controlling Party" with respect to any Indenture means: (w) the Class A Trustee; (x) upon payment of Final Distributions to the holders of Class A Certificates, the Class B Trustee; (y) upon payment of Final Distributions to the holders of Class B Certificates, the Class C Trustee; and (z) upon payment of Final Distributions to the holders of Class C Certificates, the Class D Trustee. See "Description of New 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. Notwithstanding the foregoing, subject to certain limitations, the Liquidity Provider shall have the right to direct such Loan Trustee at any time after 18 months from the acceleration of the Equipment Notes under such Indenture, if at the time of such election the Liquidity Obligations have not been paid in full; provided that if there is more than one Liquidity Provider, the Liquidity Provider with the greatest amount of unreimbursed Liquidity Obligations shall have such right. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) shall irrevocably agree (and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their purchase of Certificates) to exercise their voting rights as directed by the Controlling Party.

- (i) Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Controlling Party may accelerate and sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person, subject to the provisions of paragraph (ii) below. The proceeds of such sale will be distributed pursuant to the provisions of the Intercreditor Agreement.
- (ii) So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture or (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee, (a) no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes, and (b) the amount and payment dates of rentals payable by Continental under the Lease for such Aircraft may not be adjusted, if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued under such Indenture as the discount rate.

"Minimum Sale Price" means, with respect to any Aircraft or the Equipment Notes issued in respect of such Aircraft, at any time, the lesser of (1) 75% of the appraised value of such Aircraft based upon the most recent appraisal and (2) the aggregate outstanding principal amount of such Equipment Notes, plus accrued and unpaid interest thereon.

Certificates; Book-Entry Registration

Each New Certificate to be issued will be represented by one or more permanent global Certificates registered in the name of Cede & Co. ("Cede"), as nominee of The Depository Trust Company ("DTC"). See "Description of New Certificates--Book Entry; Delivery and Form".

Method of Distribution

The persons in whose names the Certificates are registered will be treated as the owners of such Certificates for the purpose of receiving payments of principal of and interest on such Certificates and for all other purposes whatsoever. Therefore, none of the Trustee, Continental, the Loan Trustee, the Owner Participant or the Owner Trustee has any direct responsibility or liability for distributions or payments to owners of beneficial interests in the Certificates (the "Certificate Owners"). Distributions by the Trustee in respect of Certificates registered in the name of Cede, as nominee of DTC, including the final distribution of principal with respect to such Certificates of any Trust, will be made in same-day funds to DTC. DTC will in turn make distributions in same-day funds to those participants in DTC who are credited with ownership of such Certificates ("DTC Participants") in amounts proportionate to the amount of each such DTC Participant's respective holdings of beneficial interests in such Certificates. Corresponding payments by the DTC Participants to beneficial owners of such Certificates will be the responsibility of such DTC Participants and will be made in accordance with customary industry practices. Distributions by the Trustee to Certificateholders in respect of Certificates issued in definitive form, other than the final distribution, will be made by check mailed to each such Certificateholder of record on the applicable record date at its address appearing on the register. The final distribution with respect to the Certificates of any Trust will be made only upon surrender and presentation thereof to the Trustee. See "Description of New Certificates--Book-Entry; Delivery and Form".

Absence of a Public Market for the Certificates

Prior to this Exchange Offer, there has been no public market for the Old Certificates or the New Certificates. Neither Continental nor any Trust has applied or intends to apply for listing of the New Certificates on any national securities exchange or for quotation of the New Certificates through the National Association of Securities Dealers Automated Quotation System. Certain of the Initial Purchasers have previously made a market in the Old Certificates, and Continental has been advised by the Initial Purchasers that one or more of them intends to make a market in the New Certificates, as permitted by applicable laws and

regulations, after consummation of the Exchange Offer. None of the Initial Purchasers is obligated, however, to make a market in the Old Certificates or the New Certificates and any such market making activity may be discontinued at any time without notice at the sole discretion of each Initial Purchaser. There can be no assurance as to the liquidity of the public market for the Certificates or that any active public market for the Certificates will develop. If an active public market does not develop, the market price and liquidity of the Certificates may be adversely affected.

Trustee

Wilmington Trust Company will act as Trustee and as paying agent and registrar for the Certificates of each Trust. Wilmington Trust Company will also act as Loan Trustee, as paying agent and registrar for each Series of Equipment Notes and as Subordination Agent under the Intercreditor Agreement.

Federal Income Tax Consequences

The exchange of New Certificates for Old Certificates should not be a sale or exchange or otherwise a taxable event for Federal income tax purposes.

ERISA Considerations

A fiduciary of any employee benefit plan which is subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or of a "plan" subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or of any governmental plan which is subject to any federal, state or local law which is substantially similar to the foregoing provisions of ERISA or the Code which proposes to hold any Class A Certificates should consult with its own legal counsel with respect to the applicability of ERISA and the Code to such investment and the transactions contemplated by the Exchange Offer, including the availability of any statutory or administrative prohibited transaction exemption. See "ERISA Considerations".

The Class B Certificates, Class C Certificates and Class D Certificates may not be held by any Plan or any entity that is using the assets of a Plan to hold its interest in a Class B Certificate, a Class C Certificate or a Class D Certificate, and holders of Class B Certificates, Class C Certificates and Class D Certificates that tender such Old Certificates in exchange for a New Certificates will be required to make certain representations to that effect. Notwithstanding the foregoing, the Class B Certificates, the Class C Certificates and the Class D Certificates may be held with the assets of an insurance company general account, provided that the conditions of Prohibited Transaction Class Exemption ("PTCE") 95-60 have been satisfied. Any insurance company that uses general account assets to hold Class B Certificates, Class C Certificates or Class D Certificates that tenders such Old Certificates in exchange for New Certificates will be required to represent that PTCE 95-60 applies to its tender and the holding of such Class B Certificates, Class C Certificates or Class D Certificates. See "ERISA

Considerations".

RISK FACTORS

Holders of New Certificates should carefully consider the following risk factors, as well as other information set forth in this Prospectus, before tendering their New Certificates in the Exchange Offer. The risk factors set forth below (other than "--Risk Factors Relating to the Certificates--Consequences of Failure to Exchange") are generally applicable to the Old Certificates as well as the New Certificates.

Risk Factors Relating to the Company

Continental's History of Operating Losses

Although Continental recorded net income of \$224 million in 1995 and \$88 million in the three months ended March 31, 1996, it had experienced significant operating losses in the previous eight years. In the long term, Continental's viability depends on its ability to sustain profitable results of operations.

Leverage and Liquidity

Continental has successfully negotiated a variety of agreements to increase its liquidity during 1995 and 1996. Nevertheless, Continental remains more leveraged and has significantly less liquidity than certain of its competitors, several of whom have available lines of credit and/or significant unencumbered assets. Accordingly, Continental may be less able than certain of its competitors to withstand a prolonged recession in the airline industry.

As of March 31, 1996, Continental and its consolidated subsidiaries had approximately \$1.7 billion (including current maturities) of long-term indebtedness and capital lease obligations and had approximately \$702 million of minority interest, preferred securities of trust, redeemable preferred stock and common stockholders' equity. Common stockholders' equity reflects the adjustment of the Company's balance sheet and the recording of assets and liabilities at fair market value as of April 27, 1993 in accordance with fresh start reporting.

During the first and second quarters of 1995, in connection with negotiations with various lenders and lessors, Continental ceased or reduced contractually required payments under various agreements, which produced a significant number of events of default under debt, capital lease and operating lease agreements. Through agreements reached with the various lenders and lessors, Continental has cured all of these events of default. The last such agreement was put in place during the fourth quarter of 1995.

As of March 31, 1996, Continental had approximately \$657 million of cash and cash equivalents, including restricted cash and cash equivalents of \$124 million. Continental does not have general lines of credit and has significant encumbered assets.

Continental had firm commitments with The Boeing Company ("Boeing") to take delivery of 43 new jet aircraft during the years 1997 through 2002. Continental has recently amended the terms of these firm commitments with Boeing to take delivery of 61 new jet aircraft during the years 1997 through 2003. The estimated aggregate cost of these aircraft is \$2.7 billion. The amendments changed the product mix and timing of delivery of aircraft without significantly changing the aggregate cost of the prior order, in order to more closely match Continental's anticipated future aircraft needs. In addition, the Company took delivery of one Beech 1900-D aircraft in May 1996 and an additional five such aircraft are scheduled to be delivered later in 1996. The Company currently anticipates that the firm financing commitments available to it with respect to its acquisition of new aircraft from Beech Acceptance Corporation ("Beech") will be sufficient to fund all deliveries scheduled during 1996, and that it will have remaining financing commitments from aircraft manufacturers of \$676 million for jet aircraft deliveries beyond 1996. However, the Company believes that further financing will be needed to satisfy the remaining amount of such capital commitments. There can be

no assurance that sufficient financing will be available for all aircraft and other capital expenditures not covered by firm financing commitments. Continental has also entered into letters of intent with several parties to lease three DC10-30 aircraft and to purchase three DC10-30 aircraft. These six aircraft are expected to be delivered by mid-year 1997, and Continental expects to finance the aircraft to be purchased from available cash or from third party sources.

For 1996, Continental expects to incur cash expenditures under operating leases of approximately \$586 million, compared with \$521 million for 1995, relating to aircraft and approximately \$229 million relating to facilities and other rentals, the same amount as for 1995. In addition, Continental has capital requirements relating to compliance with regulations that are discussed below. See "--Regulatory Matters."

CMI recently entered into a credit agreement with a group of banks and other financial institutions, whereby CMI borrowed \$320 million from such lenders. The loan is secured by substantially all the assets of CMI, and is guaranteed by Continental and its Air Micronesia, Inc. subsidiary. The loan was made in two tranches: a \$180 million five year amortizing term loan and a \$140 million seven year amortization extended loan. Each tranche bears interest at a floating rate.

CMI used the net proceeds of the financing to prepay \$160 million in principal amount of indebtedness to an affiliate of General Electric Company (General Electric Company and affiliates, collectively "GE") and the expenses of the transaction, and Continental used the proceeds received by it as an indirect dividend of approximately \$136 million from CMI, together with approximately \$28 million of cash on hand, to prepay approximately \$164 million in principal amount of indebtedness to GE. The new financing does not contain any restrictive covenants at the Continental Airlines, Inc. level, and none of the assets of Continental (other than its stock in Air Micronesia, Inc.) is pledged in connection with the new financing.

The new financing contains significant financial covenants relating to CMI, including maintenance of a minimum fixed charge coverage ratio, a minimum consolidated net worth, and minimum liquidity, and covenants restricting CMI's leverage, its incurrence of certain indebtedness and its pledge of assets. The financial covenants also limit the ability of CMI to pay dividends to Continental.

Aircraft Fuel

Since fuel costs constitute a significant portion of Continental's operating costs (approximately 12.5% for the year ended December 31, 1995 and 12.9% for the three months ended March 31, 1996), significant changes in fuel costs would materially affect the Company's operating results. Fuel prices continue to be susceptible to international events, and the Company cannot predict near or longer-term fuel prices. The Company has entered into petroleum option contracts to provide some short-term protection (currently approximately six months) against a sharp increase in jet fuel prices. In the event of a fuel supply shortage resulting from a disruption of oil imports or otherwise, higher fuel prices or curtailment of scheduled service could result.

Certain Tax Matters

The Company's United States federal income tax return reflects net operating loss carryforwards ("NOLs") of \$2.5 billion, subject to audit by the Internal Revenue Service, of which \$1.2 billion are not subject to the limitations of Section 382 of the Internal Revenue Code ("Section 382"). As a result, the Company will not pay United States federal income taxes (other than alternative minimum tax) until it has recorded approximately an additional \$1.2 billion of taxable income following December 31, 1995. For financial reporting purposes, Continental will be required to begin accruing tax expense on its income statement once it has realized an additional \$122 million of taxable income following March 31, 1996. Section 382 imposes limitations on a corporation's ability to utilize NOLs if it experiences an "ownership change." In general terms, an ownership change may result from transactions increasing the ownership of certain stockholders in the stock of a corporation by more than 50 percentage points over a three-year period. The sale of the Company's common stock in the Secondary Offering (as defined herein) as described under "Recent Developments" gave rise to an increase in percentage ownership by certain stockholders for this purpose. Based upon the advice of its counsel, Cleary, Gottlieb, Steen and Hamilton, the Company believes that such percentage increase will not give rise to an ownership change under Section 382 as a result of the Secondary Offering. However, no assurance can be given that future transactions, whether within or outside the control of the Company, will not cause a change in ownership, thereby substantially limiting the potential utilization of the NOLs in a given future year. In the event that an ownership change should occur, utilization of Continental's NOLs would be subject to an annual limitation under Section 382. This Section 382 limitation for any post-change year would be determined by multiplying the value of the Company's stock (including both common and preferred stock) at the time of the ownership change by the applicable long-term tax exempt rate (which is 5.78% for June 1996). Unused annual limitation may be carried over to later years, and the limitation may

under certain circumstances be increased by the built-in gains in assets held by the Company at the time of the change that are recognized in the five-year period after the change. Under current conditions, if an ownership change were to occur, Continental's NOL utilization would be limited to a minimum of approximately \$100 million per year.

In connection with the Company's 1993 reorganization under Chapter 11 of the U.S. bankruptcy code effective April 27, 1993 (the "Reorganization") and the recording of assets and liabilities at fair market value under the American Institute of Certified Public Accountants' Statement of Position 90-7-- "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" ("SOP 90-7"), the Company recorded a deferred tax liability at April 27, 1993, net of the amount of the Company's estimated realizable NOLs as required by Statement of Financial Accounting Standards No. 109--"Accounting for Income Taxes." Realization of a substantial portion of the Company's NOLs will require the completion during the five-year period following the Reorganization of transactions resulting in recognition of built-in gains for federal income tax purposes. The Company has consummated one such transaction, which had the effect of realizing approximately 40% of the built-in gains required to be realized over the five-year period, and currently intends to consummate one or more additional transactions. If the Company were to determine in the future that not all such transactions will be completed, an adjustment to the net deferred tax liability of up to \$116 million would be charged to income in the period such determination was made.

CMI

CMI's operating profit margins have consistently been greater than the Company's margins overall. In addition to its non-stop service between Honolulu and Tokyo, CMI's operations focus on the neighboring islands of Guam and Saipan, resort destinations that cater primarily to Japanese travelers. Because the majority of CMI's traffic originates in Japan, its results of operations are substantially affected by the Japanese economy and changes in the value of the yen as compared to the dollar. Appreciation of the yen against the dollar during 1993 and 1994 increased CMI's profitability and a decline of the yen against the dollar may be expected to decrease it. To reduce the potential negative impact on CMI's dollar earnings, CMI from time to time purchases average rate options as a hedge against a portion of its expected net yen cash flow position. Any significant and sustained decrease in traffic or yields to and from Japan could materially adversely affect Continental's consolidated profitability.

Principal Stockholders

After the Secondary Offering (as defined herein), which was completed on May 14, 1996 and the conversion by Air Canada of its Class A common stock into Class B common stock, Air Canada holds approximately 10.0% of the common equity interests and 4.0% of the general voting power of the Company, and Air Partners, L.P. ("Air Partners") holds approximately 9.8% of the common equity interests and 39.4% of the general voting power of the Company. In addition, assuming exercise of all of the warrants held by Air Partners, approximately 23.4% of the common equity interests and 52.1% of the general voting power would be held by Air Partners. At any time after January 1, 1997, shares of Class A common stock will become freely convertible into an equal number of shares of Class B common stock. Such conversion would effectively increase the relative voting power of those Class A stockholders who do not convert. See "Recent Developments" and "Description of Capital Stock."

Various provisions in the Company's Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") and Bylaws (the "Bylaws") currently provide Air Partners with the right to elect one-third of the directors in certain circumstances; these provisions could have the effect of delaying, deferring or preventing a change in control of the Company. See "Recent Developments" and "Description of Capital Stock."

RISK FACTORS RELATING TO THE AIRLINE INDUSTRY
Industry Conditions and Competition

The airline industry is highly competitive and susceptible to price discounting. The Company has in the past both responded to discounting actions taken by other carriers and initiated significant discounting actions itself. Continental's competitors include carriers with substantially greater financial resources, as well as smaller carriers with lower cost structures. Airline profit levels are highly sensitive to, and during recent years have been severely impacted by, changes in fuel costs, fare levels (or "average yield") and passenger demand. Passenger demand and yields have been adversely affected by, among other things, the general state of the economy, international events and actions taken by carriers with respect to fares. From 1990 to 1993, these factors contributed to the domestic airline industry's incurring unprecedented losses. Although fare levels have increased recently, significant industry-wide discounts could be reimplemented at any time, and the introduction of broadly available, deeply discounted fares by a major United States airline would likely result in lower yields for the entire industry and could have a material adverse effect on the Company's operating results.

The airline industry has consolidated in past years as a result of mergers and liquidations and may further consolidate in the future. Among other effects, such consolidation has allowed certain of Continental's major competitors to expand (in particular) their international operations and increase their market strength. Furthermore, the emergence in recent years of several new carriers, typically with low cost structures, has further increased the competitive pressures on the major United States airlines. In many cases, the new entrants have initiated or triggered price discounting. Aircraft, skilled labor and gates at most airports continue to be readily available to start-up carriers. Although management believes that Continental is better able than some of its major competitors to compete with fares offered by start-up carriers because of its lower cost structure, competition with new carriers or other low cost competitors on Continental's routes could negatively impact Continental's operating results.

Regulatory Matters

In the last several years, the United States Federal Aviation Administration (the "FAA") has issued a number of maintenance directives and other regulations relating to, among other things, retirement of older aircraft, collision avoidance systems, airborne windshear avoidance systems, noise abatement, commuter aircraft safety and increased inspections and maintenance procedures to be conducted on older aircraft. The Company expects to continue incurring expenses for the purpose of complying with the FAA's noise and aging aircraft regulations. In addition, several airports have recently sought to increase substantially the rates charged to airlines, and the ability of airlines to contest such increases has been restricted by federal legislation, U.S. Department of Transportation regulations and judicial decisions.

Management believes that the Company benefitted significantly from the expiration of the aviation trust fund tax (the "ticket tax") on December 31, 1995, although the amount of any such benefit resulting directly from the expiration of the ticket tax cannot precisely be determined. Reinstatement of the ticket tax will result in higher costs to consumers, which may have an adverse effect on passenger traffic, revenue and margins. The Company is unable to predict when or on what terms the ticket tax may be reenacted, although there are certain provisions currently before Congress to reinstate the ticket tax in the form existing prior to its expiration.

Additional laws and regulations have been proposed from time to time that could significantly increase the cost of airline operations by imposing additional requirements or restrictions on operations. Laws and regulations have also been considered that would prohibit or restrict the ownership and/or transfer of airline routes or takeoff and landing slots. Also, the availability of international routes to United States carriers is regulated by treaties and related agreements between the United States and foreign governments that are amendable. Continental cannot predict what laws and regulations may be adopted or their impact, but there can be no assurance that laws or regulations currently enacted or enacted in the future will not adversely affect the Company.

RISK FACTORS RELATING TO THE CERTIFICATES

Consequences of Failure to Exchange

Holders of Old Certificates who do not exchange their Old Certificates for New Certificates pursuant to the Exchange Offer will continue to be subject to the restrictions on transfer of such Old Certificates as set forth

in the legend thereon as a consequence of the issuance of the Old Certificates pursuant to exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, the Old Certificates may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. The Company does not currently anticipate that it will register the Old Certificates under the Securities Act. To the extent that Old Certificates are tendered and accepted in the Exchange Offer, the trading market for untendered and tendered but unaccepted Old Certificates could be adversely affected.

Appraisals and Realizable Value of Aircraft

Appraisals in respect of the Aircraft (without physical inspection thereof) have been prepared by AISI, BK and MBA. According to the appraisals of the three firms, the Aircraft had an aggregate appraised value of \$711,760,000, \$652,500,000, and \$687,989,000, respectively, in each case as of January 3, 1996. See "Description of the Aircraft and the Appraisals". However, an appraisal is only an estimate of value and should not be relied upon as a measure of realizable value; the proceeds realized upon a sale of any Aircraft may be less than the appraised value thereof. The value of the Aircraft in the event of the exercise of remedies under the applicable Indenture will depend on market and economic conditions, the availability of buyers, the condition of the Aircraft and other factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise with respect to the Equipment Notes and the Aircraft pursuant to the applicable Pass Through Trust Agreement and the applicable Indenture would be sufficient to satisfy in full payments due on the Certificates.

Priority of Distributions; Subordination

Pursuant to the Intercreditor Agreement to which the Trusts, the Subordination Agent and the Liquidity Providers shall be parties, on each Distribution Date, so long as no Triggering Event shall have occurred, all payments received by the Subordination Agent will be distributed in the following order: (1) payment of the Liquidity Obligations to the Liquidity Providers; (2) payment of Expected Distributions to the holders of Class A Certificates; (3) payment of Expected Distributions to the holders of Class B Certificates; (4) payment of Expected Distributions to the holders of Class C Certificates; (5) payment of Expected Distributions to the holders of Class D Certificates; and (6) payment of certain fees and expenses of the Subordination Agent and the Trustees.

In addition, upon the occurrence of a Triggering Event and at all times thereafter, subject to the provisions of the next paragraph, all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be distributed under the Intercreditor Agreement in the following order: (1) to the Liquidity Providers in payment of the Liquidity Obligations and certain other parties in payment of the Administration Expenses; (2) to the holders of Class A Certificates in payment of Final Distributions; (3) to the holders of Class B Certificates in payment of Final Distributions; (4) to the holders of Class C Certificates in payment of Final Distributions; and (5) to the holders of Class D Certificates in payment of Final Distributions.

Notwithstanding the provisions of the foregoing paragraph, after the occurrence of a Triggering Event but so long as no PTC Event of Default shall have occurred and be continuing with respect to the most senior Class of Certificates outstanding, any regularly scheduled payment received on the Performing Equipment Notes shall be distributed as follows:

(x) the Performing Equipment Notes Interest Payment will be distributed in the following order: (1) to the Liquidity Providers in payment of the Liquidity Obligations and certain other parties in payment of the Administration Expenses; (2) to the holders of Class A Certificates in payment of accrued and unpaid interest on the Class A Certificates; (3) to the holders of Class B Certificates in payment of accrued and unpaid interest on the Class B Certificates; (4) to the holders of Class C Certificates in payment of accrued and unpaid interest on the Class C Certificates; and (5) to the holders of Class D Certificates; provided that the provisions of this paragraph (x) will be given effect before distribution of any funds received in respect of any Non-Performing Equipment Notes;

(y) the Performing Equipment Notes Principal Payment will be distributed in the following order: (1) to the holders of Class A Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; (2) to the holders of Class B Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; (3) to the holders of Class C Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; and (4) to the holders of Class D Certificates; provided that the provisions of this paragraph (y) will be given effect after distributing any funds received in respect of any Non-Performing Equipment Notes;

provided that if the aggregate amount of future scheduled payments in respect of the Performing Equipment Notes, together with the Performing Equipment Notes Principal Payment as of such Distribution Date, will be (assuming the distribution of such amount as contemplated by paragraphs (x) and (y) and that no further payment will be received at any time from the Non-Performing Equipment Notes) insufficient to pay interest on any Class of Certificates and reduce the Pool Balance of such Class of Certificates to zero before the Final Maturity Date thereof, the amount of distributions to be made to the holders of such Class of Certificates on such Distribution Date will be increased by the amount necessary to eliminate such insufficiency prior to making any distributions to the holders of any Class of Certificates junior to such Class of Certificates and such increase shall be taken into account for the purpose of applying this proviso to the holders of any such junior Class of Certificates.

Control over Collateral; Sale of Collateral

Pursuant to the Intercreditor Agreement, the Trustees and the Liquidity Provider shall agree that, with respect to any Indenture at any given time, the Loan Trustee will be directed (a) in taking, or refraining from taking, any action thereunder by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued thereunder as long as no Indenture Default has occurred and is continuing thereunder and (b) subject to certain conditions, in exercising remedies thereunder (including acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes) insofar as an Indenture Default has occurred and is continuing by the Controlling Party. See "Description of New 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. Notwithstanding the foregoing, subject to certain limitations, the Liquidity Provider shall have the right to direct such Loan Trustee at any time after 18 months from the acceleration of the Equipment Notes under such Indenture, if at the time of such election the Liquidity Obligations have not been paid in full. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) shall irrevocably agree (and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their purchase of Certificates) to exercise their voting rights as directed by the Controlling Party.

Upon the occurrence and during the continuation of any Indenture Default under any Indenture, the Controlling Party may accelerate and, subject to the provisions of the immediately following sentence, sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person. So long as any Certificates are outstanding, during nine months after the earlier of (x) the acceleration of the Equipment Notes under any Indenture or (y) the bankruptcy or insolvency of Continental, without the consent of each Trustee, (a) no Aircraft subject to the lien of such Indenture or such Equipment Notes may be sold, if the net proceeds from such sale would be less than the Minimum Sale Price for such Aircraft or such Equipment Notes, and (b) the amount and payment dates of rentals payable by Continental under the Lease for such Aircraft may not be adjusted, if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued under such Indenture as the discount rate.

Potential Conflict of Interest

General Electric Company is currently the Owner Participant with respect to all of the eighteen leveraged leases for the Aircraft. The Owner Participant or its affiliate will also acquire all of the Class D Certificates contemporaneously with the consummation of the Offering. The Owner Participant and certain of its affiliates have various business relationships with Continental, including as a lender and a supplier of certain equipment and services to Continental. Certain of the obligations of Continental to the Owner Participant with respect to the Aircraft are currently secured by a pledge of unrelated assets, most of which assets are also pledged to GE to secure unrelated obligations. Due to such relationships and GE's capacities as both the Owner Participant and the Class D Certificateholder, interests of GE may not be consistent with, or may conflict with, interests of other Certificateholders. General Electric Company has the right to sell, assign or otherwise transfer its interests as Owner Participant in any or all of such leveraged leases, subject to the terms and conditions of the relevant Participation Agreement and related documents, and the Class D Certificateholder will have the right to sell any or all Class D Certificates, subject to the terms and conditions of the Pass Through Trust Agreement for the Class D Trust.

Absence of a Public Market for the Certificates

Prior to the Exchange Offer, there has been no public market for the Old Certificates or the New Certificates. Neither Continental nor any Trust has applied or intends to apply for listing of the New Certificates on any national securities exchange or for quotation of the New Certificates through the National Association of Securities Dealers Automated Quotation System. Certain of the Initial Purchasers have previously make a market in the Old Certificates, and Continental has been advised by the Initial Purchasers that one or more of them presently intends to make a market in the New Certificates, as permitted by applicable laws and regulations, after consummation of the Exchange Offer. None of the Initial Purchasers is obligated, however, to make a market in the Old Certificates or the New Certificates and any such market making activity may be discontinued at any time without notice at the sole discretion of each Initial Purchaser. There can be no assurance as to the liquidity of the public market for the Certificates or that any active public market for the Certificates will develop or continue. If an active public market does not develop or continue, the market prices and liquidity of the Certificates may be adversely affected.

RECENT DEVELOPMENTS

GENERAL

Continental recently announced unaudited second quarter 1996 net income of \$167 million (\$2.53 primary and \$2.04 fully diluted earnings per share adjusted for the Company's recent two-for-one stock split), on revenue of \$1,639 million. Continental also reported a cash balance of \$825 million at June 30, 1996.

STOCK SPLIT

On June 26, 1996, the Company announced a 2-for-1 stock split with respect to the Company's Class A common stock and Class B common stock, which will be distributed on July 16, 1996 to stockholders of record as of July 2, 1996.

CORPORATE GOVERNANCE

On June 26, 1996, at the Company's annual meeting of stockholders (the "Annual Meeting"), the Company's stockholders approved changes proposed by the Company to the Company's Certificate of Incorporation, which together with amendments to the Company's Bylaws previously approved by the Company's Board of Directors (collectively, the "Amendments"), generally eliminate special classes of directors (except for Air Partners' right to elect one-third of the directors in certain circumstances as described below) and supermajority provisions, and make a variety of other modifications aimed at streamlining the Company's corporate governance structure. The amendments to the Company's Certificate of Incorporation included elimination of Class C common stock, \$.01 par value (the "Class C common stock"), of the Company as an authorized class of capital stock and changed the rights of holders of Class D common stock, \$.01 par value (the "Class D common stock") with respect to election of directors--holders of Class D common stock are now entitled to elect one-third of the directors. Pursuant to the Certificate of Incorporation, Class D common stock is solely issuable to Air Partners and certain of its affiliates. There is currently no Class D common stock outstanding. The Amendments, as a whole, reflect the reduction of Air Canada's equity interest in the Company, as described below, and the decision of the former directors designated by Air Canada not to stand for reelection, along with the expiration of various provisions of the Company's Certificate of Incorporation and Bylaws specifically included at the time of the Company's reorganization.

The Amendments also provide that, at any time after January 1, 1997, shares of Class A common stock will become freely convertible into an equal number of shares of Class B common stock. Under agreements put in place at the time of the Company's reorganization in 1993, and designed in part to ensure compliance with the foreign ownership limitations applicable to United States air carriers in light of the substantial stake in the Company then held by Air Canada, holders of Class A common stock were not permitted under the Company's Certificate of Incorporation to convert their shares to Class B common stock. In recent periods, the market price of Class A common stock has generally been below the price of Class B common stock, which the Company believes is attributable in part to the reduced liquidity present in the trading market for Class A common stock. A number of Class A stockholders requested that the Company provide for free convertibility of Class A common stock into Class B common stock, and in light of the reduction of Air Canada's equity stake, the Company determined that the restriction was no longer necessary. Any such conversion would effectively increase the relative voting power of those Class A stockholders who do not convert.

On April 19, 1996, the Company's Board of Directors approved certain agreements (the "Agreements") with its two major stockholders, Air Canada and Air Partners. The Agreements contain a variety of arrangements intended generally to reflect the intention that Air Canada has expressed to the Company of divesting its investment in Continental by early 1997, subject to market conditions. Air Canada has indicated to the Company that its original investment in Continental has become less central to Air Canada in light of other initiatives it has undertaken -- particularly expansion within Canada and exploitation of the 1995 Open Skies agreement to expand Air Canada's own flights into the U.S. Because of these initiatives Air Canada has determined it appropriate to redeploy the funds invested in the Company into other uses in Air Canada's

business. The Agreements also reflect the recent distribution by Air Partners, effective March 29, 1996, to its investors (the "AP Investors") of all of the shares of the Class B common stock held by Air Partners and the desire of some of the AP Investors to realize the increase in value of their investment in the Company by selling all or a portion of their shares of Class B common stock.

Among other things, the Agreements required the Company to file a registration statement under the Securities Act to permit the sale by Air Canada of 2,200,000 shares of Class B common stock held by it and by certain of the AP Investors of an aggregate of 1,730,240 such shares pursuant to an underwritten public offering arranged by the Company (the "Secondary Offering"). The Secondary Offering was completed on May 14, 1996. The Agreements provided for the following additional steps to be taken in connection with the completion of the Secondary Offering:

- . in light of its reduced equity stake in the Company, Air Canada is no longer entitled to designate nominees to the Board of Directors of the Company, has caused the four present or former members of the Air Canada board who served as directors of Continental to decline nomination for reelection as directors and converted all of its Class A common stock to Class B common stock;
- . Air Canada and Air Partners have entered into a number of agreements restricting, prior to December 16, 1996, further disposition of the common stock of the Company held by either of them; and
- . each of the existing Stockholders' Agreement and the registration rights agreement (the "Original Registration Rights Agreement") among the parties were modified in a number of respects to reflect, among other matters, the changing composition of the respective equity interests of the parties.

After such sale and the conversion by Air Canada of its Class A common stock into Class B common stock, Air Canada holds approximately 10.0% of the common equity interests and 4.0% of the general voting power of the Company, and Air Partners holds approximately 9.8% of the common equity interests and 39.4% of the general voting power of the Company. In addition, assuming exercise of all of the warrants held by Air Partners, approximately 23.3% of the common equity interests and 52.1% of the general voting power would be held by Air Partners.

The Company and Air Canada also expect to enter into discussions regarding modifications to the Company's existing "synergy" agreements with Air Canada, covering items such as maintenance and ground facilities, with a view to resolving certain outstanding commercial issues under the agreements and otherwise modifying the agreements to reflect Continental's and Air Canada's current needs. The Company has entered into an agreement with Air Partners for the sale by Air Partners to the Company from time to time at Air Partners' election for the one-year period beginning August 15, 1996, of up to an aggregate of \$50 million in intrinsic value (then-current Class B common stock price minus exercise price) of Air Partners' Class B common stock warrants. The purchase price would be payable in cash. The Board of Directors has authorized the Company to publicly issue up to \$50 million of Class B common stock in connection with any such purchase. In connection with this agreement, the Company has reclassified \$50 million from common equity to redeemable warrants.

Because certain aspects of the Agreements raised issues under the change in control provisions of certain of the Company's employment agreements and employee benefit plans, these agreements and plans were modified to provide a revised change of control definition that the Company believes is appropriate in light of the prospective changes to its equity ownership structure. In connection with the modifications, payments were made to certain employees, benefits were granted to certain employees and options equal to 10% of the

amount of the options previously granted to each optionee were granted (subject to certain conditions) to substantially all employees holding outstanding options.

USE OF PROCEEDS

There will be no cash proceeds payable to Continental from the issuance of the New Certificates pursuant to the Exchange Offer. The proceeds from the sale of the Old Certificates were used to purchase the Series A, B and C Equipment Notes issued by the related Owner Trustees in connection with the refinancing of the indebtedness incurred by the Owner Trustees to finance the purchase of each of the Aircraft. Such Equipment Notes, together with the Series D Equipment Notes contributed to the Class D Trust by the Owner Participant, represent in the aggregate the entire debt portion currently outstanding of the leveraged lease transactions relating to all of the Aircraft. Continental did not receive any of the proceeds from the sale of the Old Certificates.

RATIOS OF EARNINGS TO FIXED CHARGES

The following information for the years ended December 31, 1991 and 1992 and for the period January 1, 1993 through April 27, 1993 relates to Continental's predecessor, Holdings. Information for the period April 28, 1993 through December 31, 1993, for the two years ended December 31, 1994 and 1995 and for the three months ended March 31, 1995 and 1996 relates to Continental. The information as to Continental has not been prepared on a consistent basis of accounting with the information as to Holdings due to Continental's adoption, effective April 27, 1993, of fresh start reporting in accordance with SOP 90-7.

For the years ended December 31, 1991 and 1992, for the periods January 1, 1993 through April 27, 1993 and April 28, 1993 through December 31, 1993, for the year ended December 31, 1994 and for the three months ended March 31, 1995, earnings were not sufficient to cover fixed charges. Additional earnings of \$316 million, \$131 million, \$979 million, \$60 million, \$667 million and \$28 million, respectively, would have been required to achieve ratios of earnings to fixed charges of 1.0. The ratio of earnings to fixed charges for the year ended December 31, 1995 was 1.53. The ratio of earnings to fixed charges for the three months ended March 31, 1996 was 1.70. For purposes of calculating this ratio, earnings consist of earnings before taxes, minority interest and extraordinary items plus interest expense (net of capitalized interest), the portion of rental expense deemed representative of the interest expense and amortization of previously capitalized interest. Fixed charges consist of interest expense and the portion of rental expense representative of interest expense.

SELECTED FINANCIAL DATA

The following tables set forth selected financial data of (i) the Company for the three months ended March 31, 1996 and 1995, the two years ended December 31, 1995 and 1994 and for the period from April 28, 1993 through December 31, 1993 and (ii) Holdings for the period from January 1, 1993 through April 27, 1993. The consolidated financial data of both the Company, for the two years ended December 31, 1995 and 1994 and for the period from April 28, 1993 through December 31, 1993, and Holdings, for the period from January 1, 1993 through April 27, 1993, are derived from their respective audited consolidated financial statements. On April 27, 1993, in connection with the Reorganization, the Company adopted fresh start reporting in accordance with SOP 90-7. A vertical black line is shown in the table below to separate Continental's post-reorganized consolidated financial data from the pre-reorganized consolidated financial data of Holdings since they have not been prepared on a consistent basis of accounting. The consolidated financial data of the Company for the three months ended March 31, 1996 and 1995 are derived from its unaudited consolidated financial statements, which include all adjustments (consisting solely of normal recurring accruals) that the Company considers necessary for the presentation of the financial position and results of operations for these periods. Operating results for the three months ended March 31, 1996 are not necessarily indicative of the results that may be expected for the year ending December 31, 1996. The Company's selected consolidated financial data should be read in conjunction with, and are qualified in their entirety by reference to, the consolidated financial statements, including the notes thereto, incorporated by reference herein.

	THREE MONTHS ENDED MARCH 31,		YEAR ENDED DECEMBER 31,		PERIOD FROM REORGANIZATION (APRIL 28, 1993) THROUGH DECEMBER 31, 1993	PERIOD FROM JANUARY 1, 1993 THROUGH APRIL 27, 1993
	1996	1995	1995	1994		
STATEMENT OF OPERATIONS DATA:						
	(IN MILLIONS OF DOLLARS, EXCEPT PER SHARE DATA)					
	(unaudited)					
Operating Revenue:						
Passenger.....	\$1,375	\$1,240	\$5,302	\$5,036	\$3,493	\$1,622
Cargo, mail and other.....	114	169	523	634	417	235
	-----	-----	-----	-----	-----	-----
	1,489	1,409	5,825	5,670	3,910	1,857
	-----	-----	-----	-----	-----	-----
Operating Expenses:						
Wages, salaries and related costs.....	364	366	1,432(1)	1,532	1,000	502
Aircraft fuel.....	177	169	681	741	540	272
Aircraft rentals.....	124	123	497	433	261	154
Commissions.....	126	119	489	439	378	175
Maintenance, materials and repairs.....	112	97	429	495	363	184
Other rentals and landing fees.....	84	92	356	392	258	120
Depreciation and amortization.....	65	64	253	258	162	77
Other.....	317	351	1,303	1,391	853	487
	-----	-----	-----	-----	-----	-----
	1,369	1,381	5,440	5,681	3,815	1,971
	-----	-----	-----	-----	-----	-----
Operating Income (Loss).....	120	28	385	(11)	95	(114)
	-----	-----	-----	-----	-----	-----
Nonoperating Income (Expense):						
Interest expense.....	(47)	(53)	(213)	(241)	(165)	(52)
Interest capitalized.....	1	1	6	17	8	2
Interest income.....	9	6	31	23	14	-
Gain on System One transactions.....	-	-	108	-	-	-
Reorganization items, net.....	-	-	-	-	-	(818)
Other, net.....	12	(10)	(7)	(439)(2)	(4)	5
	-----	-----	-----	-----	-----	-----
	(25)	(56)	(75)	(640)	(147)	(863)
	-----	-----	-----	-----	-----	-----

Income (Loss) before Income Taxes, Minority Interest and Extraordinary Gain.....	95	(28)	310	(651)	(52)	(977)
Net Income (Loss).....	\$ 88	\$ (30)	\$ 224	\$ (613)	\$ (39)	\$2,640(3)
Earnings (Loss) per Common and Common Equivalent Share(4).....	\$ 1.35	\$(0.60)	\$ 3.60	\$ 11.88	\$(1.17)	N.M.(5)
	=====	=====	=====	=====	=====	=====
Earnings (Loss) per Common Share Assuming Full Dilution(4).....	\$ 1.18	\$(0.60)	\$ 3.15	\$(11.88)	\$(1.17)	N.M.(5)
	=====	=====	=====	=====	=====	=====

	AS OF	AS OF
	MARCH 31,	DECEMBER 31,
	-----	-----
	1996	1995
	-----	-----

(In millions of dollars)
(unaudited)

BALANCE SHEET DATA:

Cash and Cash Equivalents, including restricted Cash and Cash Equivalents of \$124 and \$144, respectively(6).....	\$ 657	\$ 747
Other Current Assets.....	655	568
Total Property and Equipment, Net.....	1,410	1,461
Routes, Gates and Slots, Net.....	1,517	1,531
Other Assets, Net.....	507	514
	-----	-----
Total Assets.....	\$4,746	\$4,821
	=====	=====
Current Liabilities.....	\$2,040	\$1,984
Long-term Debt and Capital Leases.....	1,462	1,658
Deferred Credits and Other Long-term Liabilities...	542	564
Minority Interest.....	28	27
Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust holding solely Convertible Subordinated Debentures(7).....	242	242
Redeemable Preferred Stock.....	42	41
Common Stockholders' Equity.....	390	305
	-----	-----
Total Liabilities and Stockholders' Equity.....	\$4,746	\$4,821
	=====	=====

- (1) Includes a \$20 million cash payment in 1995 by the Company in connection with a 24-month collective bargaining agreement entered into by the Company and the Independent Association of Continental Pilots.
- (2) Includes a provision of \$447 million recorded in the fourth quarter of 1994 associated with the planned early retirement of certain aircraft and closed or underutilized airport and maintenance facilities and other assets.
- (3) Reflects a \$3.6 billion extraordinary gain from extinguishment of debt.
- (4) On June 26, 1996, the Company announced a 2-for-1 stock split with respect to the Company's Class A common stock and Class B common stock. Accordingly, the earnings per share information has been restated to give effect to the stock split.
- (5) Historical per share data for Holdings is not meaningful since the Company has been recapitalized and has adopted fresh start reporting as of April 27, 1993.
- (6) Restricted cash and cash equivalents agreements relate primarily to workers' compensation claims and the terms of certain other agreements. In addition, CMI is required by its loan agreement with GE to maintain certain minimum cash balances and net worth levels, which effectively restrict the amount of cash available to Continental from CMI.
- (7) The sole assets of the Trust are Convertible Subordinated Debentures with an aggregate principal amount of \$250 million, which bear interest at the rate of 8-1/2% per annum and mature on December 1, 2020. Upon repayment of the Convertible Subordinated Debentures, the Continental-Obligated Mandatorily Redeemable Preferred Securities of Subsidiary Trust will be mandatorily redeemed.

THE EXCHANGE OFFER

The summary herein of certain provisions of the Registration Rights Agreement does not purport to be complete and reference is made to the provisions of the Registration Rights Agreement, which has been filed as an exhibit to the Registration Statement and a copy of which is available upon request to the Trustee.

TERMS OF THE EXCHANGE OFFER

General

In connection with the issuance of the Old Certificates pursuant to a Purchase Agreement dated as of January 28, 1996, between the Company and the Initial Purchasers, the Initial Purchasers and the Owner Participant and their respective assignees became entitled to the benefits of the Registration Rights Agreement.

Under the Registration Rights Agreement, the Company is obligated to (i) file the Registration Statement of which this Prospectus is a part for a registered exchange offer with respect to an issue of new certificates identical in all material respects to the Old Certificates within 120 calendar days after January 31, 1996, the date the Old Certificates were issued (the "Issue Date"), (ii) use its best efforts to cause the Registration Statement to become effective within 60 days after filing of the Registration Statement and (iii) to consummate the Exchange Offer within 30 calendar days after the date the Registration Statement is declared effective by the Commission. The Company will keep the Exchange Offer open for a period of not less than 30 calendar days. The Exchange Offer being made hereby, if commenced and consummated within the time periods described in this paragraph, will satisfy those requirements under the Registration Rights Agreement.

Upon the terms and subject to the conditions set forth in this Prospectus and in the Letter of Transmittal (which together constitute the Exchange Offer), all Old Certificates validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the Expiration Date will be accepted for exchange. New Certificates of the same class will be issued in exchange for an equal principal amount of outstanding Old Certificates accepted in the Exchange Offer. As of the date of this Prospectus, \$489,267,000 aggregate principal amount of Old Certificates is outstanding. Old Certificates may be tendered only in integral multiples of \$1000. This Prospectus, together with the Letter of Transmittal, is being sent to all registered holders as of July 24, 1996. The Exchange Offer is not conditioned upon any minimum principal amount of Old Certificates being tendered for exchange. However, the obligation to accept Old Certificates for exchange pursuant to the Exchange Offer is subject to certain conditions as set forth herein under "--Conditions."

Old Certificates shall be deemed to have been accepted validly tendered when, as and if the Trustee has given oral or written notice thereof to the Exchange Agent. The Exchange Agent will act as agent for the tendering holders of Old Certificates for the purposes of receiving the New Certificates and delivering New Certificates to such holders.

Based on interpretations by the staff of the Commission, as set forth in no-action letters issued to third parties, including the Exchange Offer No-Action Letters, the Company believes that the New Certificates issued pursuant to the Exchange Offer may be offered for resale, resold or otherwise transferred by holders thereof (other than a broker-dealer who acquires such New Certificates directly from the Trustee for resale pursuant to Rule 144A under the Securities Act or any other available exemption under the Securities Act or any holder that is an "affiliate" of the Company as defined under Rule 405 of the Securities Act), without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such New Certificates are acquired in the ordinary course of such holders' business and such holders are not engaged in, and do not intend to engage in, a distribution of such New Certificates and have no arrangement with any person to participate in a distribution of such New Certificates.

By tendering the Old Certificates in exchange for New Certificates, each holder, other than a broker-dealer, will represent to the Company that: (i) it is not an affiliate of the Company (as defined under Rule 405 of the Securities Act) nor a broker-dealer tendering Old Certificates acquired directly from the Company for its own account; (ii) any New Certificates to be received by it will be acquired in the ordinary course of its business; and (iii) it is not engaged in, and does not intend to engage in, a distribution of such New Certificates and has no arrangement or understanding to participate in a distribution of the New Certificates. If a holder of Series A Notes is engaged in or intends to engage in a distribution of the Series B Notes or has any arrangement or understanding with respect to the distribution of the Series B Notes to be acquired pursuant to the Exchange Offer, such holder may not rely on the applicable interpretations of the staff of the Commission and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any secondary resale transaction. Each Participating Broker-Dealer that receives New Certificates for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. The Letter of Transmittal states that by so acknowledging and by delivering a prospectus, a Participating Broker-Dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This Prospectus, as it may be amended or supplemented from time to time, may be used by a Participating Broker-Dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired by such Participating Broker-Dealer as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus available to any Participating Broker-Dealer for use in connection with any such resale. See "Plan of Distribution."

In the event that (i) any changes in law or the applicable interpretations of the staff of the Commission do not permit Continental to effect the Exchange Offer, (ii) for any reason the Registration Statement is not declared effective within 60 calendar days after the filing thereof with the Commission or the Exchange Offer is not consummated within 30 days after the Registration Statement is declared effective, (iii) any holder of Old Certificates (other than an Initial Purchaser) is not eligible to participate in the Exchange Offer or (iv) an Initial Purchaser (with respect to Old Certificates which it acquired directly from the Company), following consummation of the Exchange Offer, is not permitted, in the opinion of counsel to such Initial Purchaser, to participate in the Exchange Offer (and upon request of such Initial Purchaser), Continental will, at its cost, (a) as promptly as practicable, file with the Commission a shelf registration statement covering resales of the Old Certificates (the "Shelf Registration Statement"), (b) use its best efforts to cause the Shelf Registration Statement to be declared effective under the Securities Act by the 210th calendar day after the Issue Date and (c) use its best efforts to keep effective the Shelf Registration Statement for a period of three years after the Issue Date (or for such shorter period as shall end when all of the Old Certificates covered by the Shelf Registration Statement have been sold pursuant thereto or may be freely sold pursuant to Rule 144 under the Securities Act).

In the event that either (i) (x) the Registration Statement was not filed with the Commission on or prior to the 120th calendar day following the Issue Date, or (y) the Registration Statement has not been declared effective on or prior to the 60th calendar day following the filing thereof with the Commission or (z) the Exchange Offer is not consummated on or prior to the 30th calendar day following the effectiveness of the Registration Statement or (ii) a Shelf Registration Statement is required to be filed with the Commission pursuant to the Registration Rights Agreement and such Shelf Registration Statement is not declared effective on or prior to the 210th calendar day following the Issue Date (each, a "Registration Default"), the interest rate per annum borne by the Equipment Notes and passed through to holders of Old Certificates shall be increased by (1) 0.25% from and including the day following such Registration Default to but excluding the 90th day following such Registration Default and (2) 0.50% thereafter; provided, however, that such increase shall cease to be in effect from and including the date on which such Registration Default has been cured. In the event that the Shelf Registration Statement ceases to be effective at any time, during the period the Company is required to keep such Shelf Registration Statement effective, for more than 60 days, whether or not consecutive, during any 12-month

period, the interest rate per annum borne by the Equipment Notes shall be increased by 0.50% from the 61st day of the applicable 12-month period such Shelf Registration Statement ceases to be effective until such time as the Shelf Registration Statement again becomes effective.

Upon consummation of the Exchange Offer, subject to certain exceptions, holders of Old Certificates who do not exchange their Old Certificates for New Certificates in the Exchange Offer will no longer be entitled to registration rights and will not be able to offer or sell their Old Certificates, unless such Old Certificates are subsequently registered under the Securities Act (which, subject to certain limited exceptions, the Company will have no obligation to do), except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. See "Risk Factors--Risk Factors Relating to the Certificates--Consequences of Failure to Exchange."

Expiration Date; Extensions; Amendments; Termination

The term "Expiration Date" shall mean August 28, 1996 (30 calendar days following the commencement of the Exchange Offer), unless the Company, in its sole discretion, extends the Exchange Offer, in which case the term "Expiration Date" shall mean the latest date to which the Exchange Offer is extended. Notwithstanding any extension of the Exchange Offer, if the Exchange Offer is not consummated by August 28, 1996, the interest rate borne by the Equipment Notes and passed through to the Certificateholders is subject to increase. See "--General."

In order to extend the Expiration Date, the Company will notify the Exchange Agent of any extension by oral or written notice and will mail to the record holders of Old Certificates an announcement thereof, each prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Such announcement may state that the Company is extending the Exchange Offer for a specified period of time.

The Company reserves the right (i) to delay acceptance of any Old Certificates, to extend the Exchange Offer or to terminate the Exchange Offer and not permit acceptance of Old Certificates not previously accepted if any of the conditions set forth herein under "-- Conditions" shall have occurred and shall not have been waived by the Company, by giving oral or written notice of such delay, extension or termination to the Exchange Agent, or (ii) to amend the terms of the Exchange Offer in any manner deemed by it to be advantageous to the holders of the Old Certificates. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice thereof to the Exchange Agent. If the Exchange Offer is amended in a manner determined by the Company to constitute a material change, the Company will promptly disclose such amendment in a manner reasonably calculated to inform the holders of the Old Certificates of such amendment.

Without limiting the manner in which the Company may choose to make public announcement of any delay, extension, amendment or termination of the Exchange Offer, the Company shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by making a timely release to an appropriate news agency.

INTEREST ON THE NEW CERTIFICATES

The New Certificates will accrue interest at the applicable per annum for such Trust set forth on the cover page of this Prospectus, from the last date on which interest was paid on the Old Certificates surrendered in exchange therefor. Interest on the New Certificates is payable on January 15, April 15, July 15 and October 15 of each year commencing April 15, 1996, subject to the terms of the Intercreditor Agreement.

PROCEDURES FOR TENDERING

To tender in the Exchange Offer, a holder must complete, sign and date the Letter of Transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the Letter of Transmittal and mail or otherwise deliver such Letter of Transmittal or such facsimile, together with any other required documents, to the Exchange Agent prior to 5:00 p.m., New York City time, on the Expiration Date. In addition, either (i) certificates for such Old Certificates must be received by the Exchange Agent along with the Letter of Transmittal, (ii) a timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Old Certificates, if such procedure is available, into the Exchange Agent's account at The Depository Trust Company (the "Book-Entry Transfer Facility") pursuant to the procedure for book-entry transfer described below, must be received by the Exchange Agent prior to the Expiration Date or (iii) the holder must comply with the guaranteed delivery procedures described below. THE METHOD OF DELIVERY OF OLD CERTIFICATES, LETTERS OF TRANSMITTAL AND ALL OTHER REQUIRED DOCUMENTS IS AT THE ELECTION AND RISK OF THE HOLDERS. IF SUCH DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED, BE USED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ASSURE TIMELY DELIVERY. NO LETTERS OF TRANSMITTAL OR OLD CERTIFICATES SHOULD BE SENT TO THE COMPANY. Delivery of all documents must be made to the Exchange Agent at its address set forth below. Holders may also request their respective brokers, dealers, commercial banks, trust companies or nominees to effect such tender for such holders.

The tender by a holder of Old Certificates will constitute an agreement between such holder and the Company in accordance with the terms and subject to the conditions set forth herein and in the Letter of Transmittal.

Only a holder of Old Certificates may tender such Old Certificates in the Exchange Offer. The term "holder" with respect to the Exchange Offer means any person in whose name Old Certificates are registered on the books of the Company or any other person who has obtained a properly completed bond power from the registered holder.

Any beneficial owner whose Old Certificates are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should contact such registered holder promptly and instruct such registered holder to tender on his behalf. If such beneficial owner wishes to tender on his own behalf, such beneficial owner must, prior to completing and executing the Letter of Transmittal and delivering his Old Certificates, either make appropriate arrangements to register ownership of the Old Certificates in such owner's name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a Letter of Transmittal or a notice of withdrawal, as the case may be, must be guaranteed by any member firm of a registered national securities exchange or of the National Association of Securities Dealers, Inc., a commercial bank or trust company having an office or correspondent in the United States or an "eligible guarantor" institution within the meaning of Rule 17Ad-15 under the Exchange Act (each an "Eligible Institution") unless the Old Certificates tendered pursuant thereto are tendered (i) by a registered holder who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the Letter of Transmittal or (ii) for the account of an Eligible Institution.

If the Letter of Transmittal is signed by a person other than the registered holder of any Old Certificates listed therein, such Old Certificates must be endorsed or accompanied by bond powers and a proxy which authorizes such person to tender the Old Certificates on behalf of the registered holder, in each case as the name of the registered holder or holders appears on the Old Certificates.

If the Letter of Transmittal or any Old Certificates or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and unless waived by the Company, evidence satisfactory to the Company of their authority to so act must be submitted with the Letter of Transmittal.

All questions as to the validity, form, eligibility (including time of receipt) and withdrawal of the tendered Old Certificates will be determined by the Company in its sole discretion, which determination will be final and binding. The Company reserves the absolute right to reject any and all Old Certificates not properly tendered or any Old Certificates which, if accepted, would, in the opinion of counsel for the Company, be unlawful. The Company also reserves the absolute right to waive any irregularities or conditions of tender as to particular Old Certificates. The Company's interpretation of the terms and conditions of the Exchange Offer (including the instructions in the Letter of Transmittal) will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of Old Certificates must be cured within such time as the Company shall determine. Neither the Company, the Exchange Agent nor any other person shall be under any duty to give notification of defects or irregularities with respect to tenders of Old Certificates, nor shall any of them incur any liability for failure to give such notification. Tendere of Old Certificates will not be deemed to have been made until such irregularities have been cured or waived. Any Old Certificates received by the Exchange Agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned without cost to such holder by the Exchange Agent to the tendering holders of Old Certificates, unless otherwise provided in the Letter of Transmittal, as soon as practicable following the Expiration Date.

In addition, the Company reserves the right in its sole discretion, subject to the provisions of the Indenture, to (i) purchase or make offers for any Old Certificates that remain outstanding subsequent to the Expiration Date or, as set forth under "-- Conditions," to terminate the Exchange Offer in accordance with the terms of the Registration Rights Agreement and (ii) to the extent permitted by applicable law, purchase Old Certificates in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers could differ from the terms of the Exchange Offer.

ACCEPTANCE OF OLD CERTIFICATES FOR EXCHANGE; DELIVERY OF NEW CERTIFICATES

Upon satisfaction or waiver of all of the conditions to the Exchange Offer, all Old Certificates properly tendered will be accepted, promptly after the Expiration Date, and the New Certificates will be issued promptly after acceptance of the Old Certificates. See "--Conditions" below. For purposes of the Exchange Offer, Old Certificates shall be deemed to have been accepted validly tendered for exchange when, as and if the Company has given oral or written notice thereof to the Exchange Agent.

In all cases, issuance of New Certificates for Old Certificates that are accepted for exchange pursuant to the Exchange Offer will be made only after timely receipt by the Exchange Agent of certificates for such Old Certificates or a timely Book-Entry Confirmation of such Old Certificates into the Exchange Agent's account at the Book-Entry Transfer Facility, a properly completed and duly executed Letter of Transmittal and all other required documents. If any tendered Old Certificates are not accepted for any reason set forth in the terms and conditions of the Exchange Offer or if Old Certificates are submitted for a greater principal amount than the holder desires to exchange, such unaccepted or nonexchanged Old Certificates will be returned without expense to the tendering holder thereof (or, in the case of Old Certificates tendered by book-entry transfer procedures described below, such nonexchanged Old Certificates will be credited to an account maintained with such Book-Entry Transfer Facility) as promptly as practicable after the expiration or termination of the Exchange Offer.

BOOK-ENTRY TRANSFER

The Exchange Agent will make a request to establish an account with respect to the Old Certificates at the Book-Entry Transfer Facility for purposes of the Exchange Offer within two business days after the date of this Prospectus. Any financial institution that is a participant in the Book-Entry Transfer Facility's systems may make book-entry delivery of Old Certificates by causing the Book-Entry Transfer Facility to transfer such Old Certificates into the Exchange Agent's account at the Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Old Certificates may be effected through book-entry transfer at the Book-Entry Transfer Facility, the Letter of Transmittal or facsimile thereof with any required signature guarantees and any other required documents must, in any case, be transmitted to and received by the Exchange Agent at one of the addresses set forth below under "-- Exchange Agent" on or prior to the Expiration Date or the guaranteed delivery procedures described below must be complied with.

GUARANTEED DELIVERY PROCEDURES

If a registered holder of the Old Certificates desires to tender such Old Certificates, and the Old Certificates are not immediately available, or time will not permit such holder's Old Certificates or other required documents to reach the Exchange Agent before the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, a tender may be effected if (i) the tender is made through an Eligible Institution, (ii) prior to the Expiration Date, the Exchange Agent receives from such Eligible Institution a properly completed and duly executed Letter of Transmittal (or a facsimile thereof) and Notice of Guaranteed Delivery, substantially in the form provided by the Company (by facsimile transmission, mail or hand delivery), setting forth the name and address of the holder of Old Certificates and the amount of Old Certificates tendered, stating that the tender is being made thereby and guaranteeing that within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery, the certificates for all physically tendered Old Certificates, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and any other documents required by the Letter of Transmittal will be deposited by the Eligible Institution with the Exchange Agent and (iii) the certificates for all physically tendered Old Certificates, in proper form for transfer, or a Book-Entry Confirmation, as the case may be, and all other documents required by the Letter of Transmittal are received by the Exchange Agent within three NYSE trading days after the date of execution of the Notice of Guaranteed Delivery.

WITHDRAWAL OF TENDERS

Tenders of Old Certificates may be withdrawn at any time prior to 5:00 p.m., New York City time on the Expiration Date.

For a withdrawal to be effective, a written notice of withdrawal must be received by the Exchange Agent prior to 5:00 p.m., New York City time on the Expiration Date at one of the addresses set forth below under "--Exchange Agent." Any such notice of withdrawal must specify the name of the person having tendered the Old Certificates to be withdrawn, identify the Old Certificates to be withdrawn (including the principal amount of such Old Certificates) and (where certificates for Old Certificates have been transmitted) specify the name in which such Old Certificates are registered, if different from that of the withdrawing holder. If certificates for Old Certificates have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of such certificates, the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and a signed notice of withdrawal with signatures guaranteed by an Eligible Institution unless such holder is an Eligible Institution. If Old Certificates have been tendered pursuant to the procedure for book-entry transfer described above, any notice of withdrawal must specify the name and number of the account at the Book-Entry Transfer Facility to be credited with the withdrawn Old Certificates and otherwise comply with the procedures of such facility. All questions as to the validity, form and eligibility

(including time of receipt) of such notices will be determined by the Company, whose determination shall be final and binding on all parties. Any Old Certificates so withdrawn will be deemed not to have been validly tendered for exchange for purposes of the Exchange Offer. Any Old Certificates which have been tendered for exchange but which are not exchanged for any reason will be returned to the holder thereof without cost to such holder (or, in the case of Old Certificates tendered by book-entry transfer into the Exchange Agent's account at the Book-Entry Transfer Facility pursuant to the book-entry transfer procedures described above, such Old Certificates will be credited to an account maintained with such Book-Entry Transfer Facility for the Old Certificates) as soon as practicable after withdrawal, rejection of tender or termination of the Exchange Offer. Properly withdrawn Old Certificates may be retendered by following one of the procedures described under "-- Procedures for Tendering" and "--Book-entry Transfer" above at any time on or prior to the Expiration Date.

CONDITIONS

Notwithstanding any other term of the Exchange Offer, Old Certificates will not be required to be accepted for exchange, nor will New Certificates be issued in exchange for, any Old Certificates and the Company may terminate or amend the Exchange Offer as provided herein before the acceptance of such Old Certificates, if because of any change in law, or applicable interpretations thereof by the Commission, the Company determines that it is not permitted to effect the Exchange Offer, and the Company has no obligation to, and will not knowingly, permit acceptance of tenders of Old Certificates from affiliates of the Company (within the meaning of Rule 405 under the Securities Act) or from any other holder or holders who are not eligible to participate in the Exchange Offer under applicable law or interpretations thereof by the Commission, or if the New Certificates to be received by such holder or holders of Old Certificates in the Exchange Offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the "blue sky" or securities laws of substantially all of the states of the United States.

EXCHANGE AGENT

Wilmington Trust Company has been appointed as Exchange Agent for the Exchange Offer. Questions and requests for assistance and requests for additional copies of this Prospectus or of the Letter of Transmittal should be directed to the Exchange Agent addressed as follows:

By Mail, Overnight Delivery:
Wilmington Trust Company
1100 North Market Street
Wilmington, Delaware 19890-0001
Attention: Jill Rylee

By Hand:
Wilmington Trust Company
1105 North Market Street, 1st Floor
Wilmington, Delaware 19890
Attention: Corporate Trust Operations

Facsimile Transmission:
(302) 651-1079

Confirm by Telephone:
(302) 651-8869
Jill Rylee

FEES AND EXPENSES

The expenses of soliciting tenders pursuant to the Exchange Offer will be borne by the Company. The principal solicitation for tenders pursuant to the Exchange Offer is being made by mail; however, additional solicitations may be made by telegraph, telephone, teletype or in person by officers and regular employees of the Company. The Company will not make any payments to brokers, dealers or other persons soliciting acceptances of the Exchange Offer. The Company, however, will pay the Exchange Agent reasonable and customary fees for

its services and will reimburse the Exchange Agent for its reasonable out-of-pocket expenses in connection therewith. The Company may also pay brokerage houses and other custodians, nominees and fiduciaries the reasonable out-of-pocket expenses incurred by them in forwarding copies of the Prospectus and related documents to the beneficial owners of the Old Certificates, and in handling or forwarding tenders for exchange.

The expenses to be incurred in connection with the Exchange Offer will be paid by the Company, including fees and expenses of the Exchange Agent and Trustee (as hereinafter defined) and accounting, legal, printing and related fees and expenses.

The Company will pay all transfer taxes, if any, applicable to the exchange of Old Certificates pursuant to the Exchange Offer. If, however, certificates representing New Certificates or Old Certificates for principal amounts not tendered or accepted for exchange are to be delivered to, or are to be registered or issued in the name of, any person other than the registered holder of the Old Certificates tendered, or if tendered Old Certificates are registered in the name of any person other than the person signing the Letter of Transmittal, or if a transfer tax is imposed for any reason other than the exchange of Old Certificates pursuant to the Exchange Offer, then the amount of any such transfer taxes (whether imposed on the registered holder or any other persons) will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the Letter of Transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

DESCRIPTION OF THE NEW CERTIFICATES

The Certificates have been issued pursuant to four separate Pass Through Trust Agreements. The following summary describes certain terms of the Certificates and the Pass Through Trust Agreements. The summary does not purport to be complete and reference is made to the provisions of the Certificates and the Pass Through Trust Agreements, which have been filed as exhibits to the Registration Statement. Except as otherwise indicated, the following summary relates to each of the Trusts and the Certificates issued by each Trust. The terms and conditions governing each of the Trusts will be substantially the same, except as described under "--Subordination" below and except that the principal amount, the interest rate, scheduled repayments of principal, and maturity date applicable to the Equipment Notes held by each Trust and the final Distribution Date applicable to each Trust will differ. Citations to the relevant sections of the Pass Through Trust Agreements appear below in parentheses unless otherwise indicated. Copies of the Pass Through Trust Agreements are filed as exhibits to the Registration Statement and are available from the Trustee.

GENERAL

The Certificates of each Trust have been issued in fully registered form only. Each Certificate represents a fractional undivided interest in the Trust created by the Pass Through Trust Agreement pursuant to which such Certificate is issued. The Trust Property consists of (i) the Equipment Notes held in such Trust, all monies at any time paid thereon and all monies due and to become due thereunder, (ii) the rights of such Trust under the Intercreditor Agreement (including all monies receivable in respect of such rights), (iii) except for the Class D Trust, all monies receivable under the Liquidity Facility for such Trust and (iv) funds from time to time deposited with the Trustee in accounts relating to such Trust. Certificates represent pro rata shares of the Equipment Notes and other property held in the related Trust and have been issued only in minimum denominations of \$100,000 and integral multiples of \$1,000 in excess thereof. (Section 3.01).

The Certificates represent interests in the respective Trusts and all payments and distributions thereon will be made only from the Trust Property. (Section 3.11) The Certificates do not represent an interest in or obligation of Continental, the Trustees, any of the Loan Trustees or Owner Trustees in their individual capacities, any Owner Participant, or any affiliate of any thereof. The existence of each Trust will not limit the liability that Certificate holders of such Trust would otherwise incur if such holders owned directly the corresponding Equipment Notes or incurred directly the obligations of such Trust.

SUBORDINATION

Pursuant to the Intercreditor Agreement to which the Trusts, the Subordination Agent and the Liquidity Providers are parties, on each Distribution Date, so long as no Triggering Event shall have occurred, all payments received by the Subordination Agent will be distributed in the following order: (1) payment of the Liquidity Obligations to the Liquidity Providers; (2) payments of Expected Distributions to the holders of Class A Certificates; (3) payment of Expected Distributions to the holders of Class B Certificates; (4) payment of Expected Distributions to the holders of Class C Certificates; (5) payment of Expected Distributions to the holders of Class D Certificates; and (6) payment of certain fees and expenses of the Subordination Agent and the Trustees.

In addition, upon the occurrence of a Triggering Event and at all times thereafter, subject to the provisions set forth below, all payments received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be distributed under the Intercreditor Agreement in the following order: (1) to the Liquidity Provider in payment of the Liquidity Obligations and certain other parties in payment of the Administration Expenses; (2) to the holders of Class A Certificates in payment of Final Distributions; (3) to the holders of Class B Certificates in payment of Final Distributions; (4) to the holders of Class C Certificates in payment of Final Distributions; and (5) to the holders of Class D Certificates in payment of Final Distributions.

For purposes of calculating Expected Distributions or Final Distributions, any premium paid on the Equipment Notes held in any 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 Expected Distributions or Final Distributions.

Notwithstanding the foregoing provisions, after the occurrence of a Triggering Event but so long as no PTC Event of Default shall have occurred and be continuing with respect to the most senior Class of Certificates outstanding, any regularly scheduled payment received on the Performing Equipment Notes shall be distributed as follows:

(x) the Performing Equipment Notes Interest Payment will be distributed in the following order: (1) to the Liquidity Providers in payment of the Liquidity Obligations and certain other parties in payment of the Administration Expenses; (2) to the holders of Class A Certificates in payment of accrued and unpaid interest on the Class A Certificates; (3) to the holders of Class B Certificates in payment of accrued and unpaid interest on the Class B Certificates; (4) to the holders of Class C Certificates in payment of accrued and unpaid interest on the Class C Certificates; and (5) to the holders of Class D Certificates; provided that the provisions of this paragraph (x) will be given effect before distribution of any funds received in respect of any Non-Performing Equipment Notes;

(y) the Performing Equipment Notes Principal Payment will be distributed in the following order: (1) to the holders of Class A Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; (2) to the holders of Class B Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; (3) to the holders of Class C Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; and (4) to the holders of Class D Certificates; provided that the provisions of this paragraph (y) will be given effect after distributing any funds received in respect of any Non-Performing Equipment Notes;

provided that if the aggregate amount of future scheduled payments in respect of the Performing Equipment Notes, together with the Performing Equipment Notes Principal Payment as of such Distribution Date, will be (assuming the distribution of such amount as contemplated by paragraphs (x) and (y) and that no further payment will be received at any time from the Non-Performing Equipment Notes) insufficient to pay interest on any Class of Certificates and reduce the Pool Balance of such Class of Certificates to zero before the Final Maturity Date thereof, the amount of distributions to be made to the holders of such Class of Certificates on such Distribution Date will be increased by the amount necessary to eliminate such insufficiency prior to making any distributions to the holders of any Class of Certificates junior to such Class of Certificates and such increase shall be taken into account for the purpose of applying this proviso to the holders of any such junior Class of Certificates.

PAYMENTS AND DISTRIBUTIONS

Payments of principal, premium (if any) and interest with respect to the Equipment Notes or other Trust Property held in each Trust will be distributed by the 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 (as defined herein).

The Equipment Notes held in each Trust will accrue interest at the applicable rate per annum for such Trust set forth on the cover page of this Prospectus, payable on January 15, April 15, July 15 and October 15 of

each year commencing on April 15, 1996 and such interest payments will be passed through to Certificateholders of such Trust on each such date until the final Distribution Date for such Trust, in each case, subject to the Intercreditor Agreement. Interest is calculated on the basis of a 360-day year consisting of twelve 30-day months. The interest rates for the Certificates are subject to increases under certain circumstances. See "The Exchange Offer--General". Payments of interest on the Certificates to be issued by each Trust (other than the Class D Trust) will be supported by a separate Liquidity Facility to be provided by Credit Suisse (the "Liquidity Provider") for the benefit of the holders of such Certificates in an amount sufficient to pay interest thereon at the Stated Interest Rate for such Trust on six successive quarterly Distribution Dates. Notwithstanding the subordination provisions of the Intercreditor Agreement, the holders of the Certificates to be issued by each Trust (other than the Class D Trust) will be entitled to receive and retain the proceeds of drawings under the Liquidity Facility for such Trust. See "Description of the Liquidity Facilities".

Payments of principal on the Equipment Notes held in each Trust are scheduled to be received by the Trustee on January 15, April 15, July 15 or December 15, in certain years depending upon the terms of the Equipment Notes held in such Trust commencing January 15, 1997, in the case of each of the Class A Trust, the Class B Trust and the Class C Trust and January 15, 1999, in the case of the Class D Trust. Scheduled payments of interest and principal on the Equipment Notes are herein referred to as "Scheduled Payments", and January 15, April 15, July 15 and October 15 of each year are herein referred to as "Regular Distribution Dates". See "Description of the Equipment Notes--Principal and Interest Payments". The Final Maturity Date for each Certificate is April 15, 2015.

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, the receipt of which is confirmed by the Trustee on such Regular Distribution Date. Each Certificateholder of each Trust will be entitled to receive a pro rata share of any distribution in respect of Scheduled Payments of principal and interest made on the Equipment Notes held in such Trust. Each such distribution of Scheduled Payments will be made by the Trustee of each Trust to the Certificateholders of record of such 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 to such holders of record on the date received. If it is received after such five-day period, it will be treated as a Special Payment (as defined below) and distributed as described below.

Any payment in respect of, or any proceeds of, any Equipment Note or the Trust Indenture Estate under (and as defined in) each Indenture (other than a Scheduled Payment) (each, a "Special Payment") will be distributed on, in the case of an early redemption or a purchase of the Equipment Notes relating to one or more Aircraft, the date of such early redemption or purchase (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 the Trustee as soon as practicable after the Trustee has received funds for such Special Payment, in each case subject to the Intercreditor Agreement. The Trustee will mail notice to the Certificateholders of the applicable Trust not less than 20 days prior to the Special Distribution Date on which any Special Payment is scheduled to be distributed by the Trustee stating such anticipated Special Distribution Date. (Section 4.02(c)) 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. See "--Indenture Defaults and Certain Rights Upon an Indenture Default" and "Description of the Equipment Notes--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 accounts (the "Certificate Account") for the deposit of payments representing Scheduled Payments on the Equipment Notes held in such Trust. Each Pass Through Trust Agreement also 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, which account 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) 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)

Distributions by the Trustee from the Certificate Account or the Special Payments Account of each Trust on a Regular Distribution Date or a Special Distribution Date in respect of Certificates issued by such Trust in definitive form will be made to each Certificateholder of record of such Certificates on the applicable Record Date. (Section 4.02) The final distribution for each Trust, however, 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". Distributions in respect of Certificates issued in global form will be made as described in "--Book Entry; Delivery and Form" below.

If any Regular Distribution Date or Special Distribution Date is not 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 without additional interest.

POOL FACTORS

Unless there has been an early redemption, purchase, or a default in the payment of principal or interest, in respect of one or more issues of the Equipment Notes held in a Trust, as described in "--Indenture Defaults and Certain Rights Upon an Indenture Default" and "Description of the Equipment Notes--Redemption", the Pool Factor with respect to each Trust will decline in proportion to the scheduled repayments of principal on the Equipment Notes held in such Trust as described below in "Description of the Equipment Notes--General." In the event of such redemption, purchase or default, the Pool Factor and the Pool Balance of each Trust so affected will be recomputed after giving effect thereto and notice thereof will be mailed to the Certificateholders of such Trust. Each Trust will have a separate Pool Factor.

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 in respect of the Certificates of such Trust other than payments made in respect of interest or premium thereon or reimbursement of any costs and expenses in connection therewith. The Pool Balance for each Trust as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on that date.

The "Pool Factor" for each Trust as of any Regular Distribution Date or Special Distribution 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 as of any Regular Distribution Date or Special Distribution Date shall be computed after giving effect to the payment of principal, if any, on the Equipment Notes or other Trust Property held in such Trust and the distribution thereof to be made on that date. Assuming that no early redemption or purchase, or default, in respect of any Equipment Notes shall have occurred, 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 as described herein 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 Regular Distribution Date or Special Distribution Date. Notice of the Pool Factor and the Pool Balance for each Trust will be mailed to Certificateholders of such Trust on each Regular Distribution Date and Special Distribution Date.

As of the date of sale by the Trustee of the Certificates and assuming that no early redemption or purchase, or default in the payment of principal, in respect of any Equipment Notes shall occur, the Scheduled Payments of principal on the Equipment Notes held in the Class A Trust, the Class B Trust, the Class C Trust and the Class D Trust, and the resulting Pool Factors for such Trusts after taking into account each Scheduled Payment, are set forth below:

Regular Distribution Dates	1996-A Trust Equipment Notes		1996-B Trust Equipment Notes		1996-C Trust Equipment Notes		1996-D Trust Equipment Notes	
	Scheduled Payments of Principal	1996-A Trust Expected Pool Factor	Scheduled Payments of Principal	1996-B Trust Expected Pool Factor	Scheduled Payments of Principal	1996-C Trust Expected Pool Factor	Scheduled Payments of Principal	1996-D Trust Expected Pool Factor
April 1996.....	0	1.0000000	0	1.0000000	0	1.0000000	0	1.0000000
July 1996.....	0	1.0000000	0	1.0000000	0	1.0000000	0	1.0000000
October 1996.....	0	1.0000000	0	1.0000000	0	1.0000000	0	1.0000000
January 1997.....	5,284,668	0.9803922	1,849,646	0.9803922	1,453,275	0.9803921	0	1.0000000
April 1997.....	0	0.9803922	0	0.9803922	0	0.9803921	0	1.0000000
July 1997.....	0	0.9803922	0	0.9803922	0	0.9803921	0	1.0000000
October 1997.....	0	0.9803922	0	0.9803922	0	0.9803921	0	1.0000000
January 1998.....	5,200,561	0.9610964	1,820,209	0.9610964	1,430,147	0.9610963	0	1.0000000
April 1998.....	0	0.9610964	0	0.9610964	0	0.9610963	0	1.0000000
July 1998.....	0	0.9610964	0	0.9610964	0	0.9610963	0	1.0000000
October 1998.....	1,881,631	0.9541149	658,583	0.9541149	517,441	0.9541149	0	1.0000000
January 1999.....	6,357,107	0.9305280	2,225,009	0.9305279	1,748,192	0.9305280	3,506,949	0.9316384
April 1999.....	0	0.9305280	0	0.9305279	0	0.9305280	0	0.9316384
July 1999.....	0	0.9305280	0	0.9305279	0	0.9305280	0	0.9316384
October 1999.....	5,151,648	0.9114137	1,803,084	0.9114136	1,416,700	0.9114136	856,524	0.9149467
January 2000.....	6,520,793	0.8872194	2,282,307	0.8872192	1,793,201	0.8872194	400,652	0.9071367
April 2000.....	0	0.8872194	0	0.8872192	0	0.8872194	0	0.9071367
July 2000.....	0	0.8872194	0	0.8872192	0	0.8872194	0	0.9071367
October 2000.....	5,902,865	0.8653178	2,066,003	0.8653178	1,623,289	0.8653177	0	0.9071367
January 2001.....	7,473,253	0.8375896	2,615,670	0.8375895	2,055,126	0.8375896	0	0.9071367
April 2001.....	0	0.8375896	0	0.8375895	0	0.8375896	0	0.9071367
July 2001.....	0	0.8375896	0	0.8375895	0	0.8375896	0	0.9071367
October 2001.....	6,296,432	0.8142278	2,203,755	0.8142278	1,731,518	0.8142276	0	0.9071367
January 2002.....	13,228,012	0.7651475	4,629,853	0.7651474	3,637,674	0.7651475	0	0.9071367
April 2002.....	0	0.7651475	0	0.7651474	0	0.7651475	0	0.9071367
July 2002.....	0	0.7651475	0	0.7651474	0	0.7651475	0	0.9071367
October 2002.....	4,756,545	0.7474992	1,664,791	0.7474992	1,308,051	0.7474990	0	0.9071367
January 2003.....	15,560,862	0.6897633	5,446,355	0.6897631	4,279,204	0.6897632	0	0.9071367
April 2003.....	0	0.6897633	0	0.6897631	0	0.6897632	0	0.9071367
July 2003.....	0	0.6897633	0	0.6897631	0	0.6897632	0	0.9071367
October 2003.....	4,703,788	0.6723107	1,646,326	0.6723104	1,293,542	0.6723105	0	0.9071637
January 2004.....	11,684,171	0.6289586	4,089,496	0.6289585	3,213,125	0.6289585	0	0.9071367
April 2004.....	0	0.6289586	0	0.6289585	0	0.6289585	0	0.9071367
July 2004.....	0	0.6289586	0	0.6289585	0	0.6289585	0	0.9071367
October 2004.....	7,590,687	0.6007947	2,656,749	0.6007947	2,087,434	0.6007944	81,724	0.9055437
January 2005.....	9,882,743	0.5641265	3,458,990	0.5641264	2,717,735	0.5641262	588,558	0.8940708
April 2005.....	0	0.5641265	0	0.5641264	0	0.5641262	1,283,740	0.8690466
July 2005.....	0	0.5641265	0	0.5641264	0	0.5641262	2,939,531	0.8117458
October 2005.....	8,279,727	0.5334060	2,897,911	0.5334061	2,276,920	0.5334056	4,204,644	0.7297840
January 2006.....	8,347,019	0.5024358	2,921,483	0.5024359	2,295,412	0.5024355	2,354,316	0.6838909
April 2006.....	0	0.5024358	0	0.5024359	0	0.5024355	2,972,939	0.6259388
July 2006.....	0	0.5024358	0	0.5024359	0	0.5024355	3,395,369	0.5597523
October 2006.....	12,492,889	0.4560831	4,372,538	0.4560832	3,435,525	0.4560878	3,779,755	0.4860729
January 2007.....	4,651,251	0.4388254	1,627,946	0.4388256	1,279,088	0.4388251	1,992,355	0.4472355
April 2007.....	1,762,951	0.4322843	617,033	0.4322845	484,811	0.4322839	855,654	0.4305561
July 2007.....	0	0.4322843	0	0.4322845	0	0.4322839	84,738	0.4289043
October 2007.....	19,579,916	0.3596364	6,853,032	0.3596365	5,384,436	0.3596362	3,796,117	0.3549059
January 2008.....	5,634,209	0.3387316	1,971,972	0.3387319	1,549,406	0.3387313	1,046,339	0.3345095
April 2008.....	0	0.3387316	0	0.3387319	0	0.3387313	23,463	0.3340521
July 2008.....	0	0.3387316	0	0.3387319	0	0.3387313	0	0.3340521
October 2008.....	17,480,052	0.2738749	6,118,097	0.2738749	4,806,962	0.2738749	3,005,458	0.2754662
January 2009.....	4,715,038	0.2563806	1,650,264	0.2563806	1,296,634	0.2561805	876,156	0.2583871
April 2009.....	0	0.2563806	0	0.2563806	0	0.2561805	0	0.2583871
July 2009.....	0	0.2563806	0	0.2563806	0	0.2561805	0	0.2583871
October 2009.....	9,982,773	0.2193412	3,494,004	0.2193412	2,745,240	0.2193412	1,549,605	0.2281804
January 2010.....	2,774,576	0.2090467	971,109	0.2090466	763,002	0.2090466	507,351	0.2182905
April 2010.....	229,494	0.2081952	80,323	0.2081951	63,111	0.2081951	0	0.2182905
July 2010.....	1,058,899	0.2042663	370,615	0.2042663	291,197	0.2042662	0	0.2182905
October 2010.....	9,714,697	0.1682216	3,400,172	0.1682216	2,671,523	0.1682216	1,425,031	0.1905121
January 2011.....	5,548,251	0.1476358	1,941,909	0.1476357	1,525,754	0.1476358	562,592	0.1795454
April 2011.....	125,922	0.1471686	44,073	0.1471686	34,629	0.1471686	21,726	0.1791219
July 2011.....	1,255,151	0.1425115	439,303	0.1425115	345,166	0.1425116	216,556	0.1749005
October 2011.....	8,481,267	0.1110432	2,968,462	0.1110432	2,332,336	0.1110432	719,133	0.1608823
January 2012.....	9,064,636	0.0774105	3,172,663	0.0774103	2,492,748	0.0774106	782,212	0.1456345
April 2012.....	146,241	0.0768679	51,184	0.0768677	40,216	0.0768680	0	0.1456345

Regular Distribution Dates	1996-A Trust Equipment Notes		1996-B Trust Equipment Notes		1996-C Trust Equipment Notes		1996-D Trust Equipment Notes	
	Scheduled Payments of Principal	1996-A Trust Expected Pool Factor	Scheduled Payments of Principal	1996-B Trust Expected Pool Factor	Scheduled Payments of Principal	1996-C Trust Expected Pool Factor	Scheduled Payments of Principal	1996-D Trust Expected Pool Factor
July 2012.....	886,893	0.0735772	310,413	0.0735770	243,895	0.0735774	79,990	0.1440753
October 2012.....	8,153,758	0.0433241	2,853,848	0.0433238	2,242,262	0.0433244	2,748,810	0.0904922
January 2013.....	9,486,707	0.0081253	3,320,348	0.0081253	2,608,844	0.0081254	1,357,427	0.0640317
April 2013.....	0	0.0081253	0	0.0081253	0	0.0081254	717,371	0.0500478
July 2013.....	532,107	0.0061510	186,238	0.0061510	146,329	0.0061511	873,473	0.0330211
October 2013.....	532,107	0.0061510	186,238	0.0061510	146,329	0.0061511	873,473	0.0330211

Any failure to make expected principal distributions on any 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.

Reports to Certificateholders

On each Regular Distribution Date and Special Distribution Date, the applicable Trustee will include with each distribution of a Scheduled Payment or Special Payment, respectively, to Certificateholders of the related Trust a statement, giving effect to such distribution to be made on such Regular Distribution Date or Special Distribution Date, setting forth the following information (per \$1,000 aggregate principal amount of Certificate for such Trust, as to (i) and (ii) below):

- (i) the amount of such distribution allocable to principal and the amount allocable to premium (if any);
- (ii) the amount of such distribution allocable to interest; and
- (iii) the Pool Balance and the Pool Factor for such Trust. (Section 4.03)

With respect to the Certificates registered in the name of Cede, as nominee for DTC, on the record date prior to each Distribution Date, the applicable Trustee will request from DTC a Securities Position Listing setting forth the names of all DTC Participants reflected on DTC's books as holding interests in the Certificates on such record date. On each Distribution Date, the applicable 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 holders of Certificates.

In addition, after the end of each calendar year, the applicable Trustee will prepare for 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 (i) and (ii) 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. (Section 4.03) Such report and such other items shall be prepared on the basis of information supplied to the applicable Trustee by the DTC Participants and shall be delivered by such Trustee to such DTC Participants to be available for forwarding by such DTC Participants to Certificate Owners in the manner described above.

With respect to the Certificates issued in definitive form, the applicable Trustee will prepare and deliver the information described above to each Certificateholder of record of each Trust as the name of such Certificateholder appears on the records of the registrar of the Certificates.

INDENTURE DEFAULTS AND CERTAIN RIGHTS UPON AN INDENTURE DEFAULT

An event of default under an Indenture (an "Indenture Default") will include an event of default under the related Lease (a "Lease Event of Default"). Since the Equipment Notes issued under an Indenture may be held in more than one Trust, a continuing Indenture Default under such Indenture would affect the Equipment Notes held by each such Trust. There are no cross-default provisions in the Indentures. Consequently, events resulting in an Indenture Default under any particular Indenture may or may not result in an Indenture Default under any other Indenture. However, a Lease Event of Default under any Lease will constitute a Lease Event of Default under all Leases due to the cross-default provisions in the Leases, and will consequently result in an Indenture Default under all Indentures. If an Indenture Default occurs in fewer than all of the Indentures, notwithstanding the treatment of Equipment Notes issued under any Indenture under which an Indenture Default has occurred, payments of principal and interest on the Equipment Notes issued pursuant to Indentures with respect to which an Indenture Default has not occurred will continue to be distributed to the holders of the Certificates as originally scheduled, subject to the Intercreditor Agreement. See "Description of the Intercreditor Agreement--Priority of Distributions".

With respect to each Aircraft, the applicable Owner Trustee and Owner Participant will, under the related Indenture, have the right under certain circumstances to cure Indenture Defaults that result from the occurrence of a Lease Event of Default under the related Lease. If the Owner Trustee or the Owner Participant exercises any such cure right, the Indenture Default will be deemed to have been cured.

In the event that the same institution acts as Trustee of multiple 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 all such Trusts, and a successor trustee would be appointed in accordance with the terms of the applicable Pass Through Trust Agreement.

Upon the occurrence and continuation of any Indenture Default under any Indenture, the Controlling Party may accelerate and sell all (but not less than all) of the Equipment Notes issued under such Indenture to any person, subject to certain limitations. The proceeds of such sale will be distributed pursuant to the provisions of the Intercreditor Agreement. Any proceeds received by the applicable Trustee upon any such sale shall be deposited in the applicable Special Payments Account and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Sections 4.01 and 4.02) The market for Equipment Notes at the time of the existence of any Indenture Default may be very limited, and there can be no assurance as to the price at which they could be sold. If such Trustee sells any such Equipment Notes for less than their outstanding principal amount, the Certificateholders will receive a smaller amount of principal distributions than anticipated and will not have any claim for the shortfall against Continental, any Owner Trustee, any Owner Participant or any Trustee.

Any amount, other than Scheduled Payments received on a Regular Distribution Date, distributed to the Trustee of any Trust by the Subordination Agent on account of the Equipment Notes or other Trust Property held in such Trust following an Indenture Default under any Indenture shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Section 4.02) In addition, if, following an Indenture Default under any Indenture relating to an Aircraft, the applicable Owner Trustee exercises its option to redeem or purchase the outstanding Equipment Notes issued under such Indenture, the price paid by such Owner Trustee for the Equipment Notes issued under such Indenture and distributed to such Trust by the Subordination Agent shall be deposited in the Special Payments Account for such Trust and shall be distributed to the Certificateholders of such Trust on a Special Distribution Date. (Section 4.02)

Any funds representing payments received with respect to any defaulted Equipment Notes held in a Trust, or the proceeds from the sale of any Equipment Notes, held by such Trustee in the Special Payments Account for such Trust shall, to the extent practicable, be invested and reinvested by such Trustee in Permitted Investments pending the distribution of such funds on a Special Distribution Date. (Section 4.04) Permitted Investments are defined as obligations of the United States or agencies or instrumentalities thereof the payment of which is backed by the full faith and credit of the United States and which mature in not more than 60 days 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 Trustee of the related Trust shall, within 90 days after the occurrence of any Indenture Default, give to the Certificateholders of such Trust notice, transmitted by mail, of all uncured or unwaived defaults with respect to such Trust known to it, provided that, except in the case of default in the payment of principal, premium, if any, or interest on any of the Equipment Notes or other Trust Property held in such Trust, the applicable Trustee shall 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)

Each Pass Through Trust Agreement contains a provision entitling the Trustee of the related Trust, 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 Agreement at the request of such Certificateholders. (Section 7.03(e))

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 default under the related Pass Through Trust Agreement or, if the Trustee of such Trust is the Controlling Party, may direct the Trustee to instruct the applicable Loan Trustee to waive any past Indenture Default with respect to such Trust and thereby annul any direction given by such holders to such Loan Trustee with respect thereto, 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, if any, or interest with respect to any of the Equipment Notes held in such Trust and (iii) a default in respect of any covenant or provision of the related Pass through Trust Agreement that cannot be modified or amended without the consent of each Certificateholder of such Trust affected thereby. (Section 6.05) Each Indenture will provide that, with certain exceptions, the holders of the majority in aggregate unpaid principal amount of the Equipment Notes issued thereunder may on behalf of all such holders waive any past default or Indenture Default thereunder. Notwithstanding the foregoing provisions of this paragraph, however, 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, (i) the Class B Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates, (ii) the Class C Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates and the Class B Certificates and (iii) the Class D Certificateholders shall have the right to purchase all, but not less than all, of the Class A Certificates, the Class B Certificates and the Class C Certificates, in each case at a purchase price equal to the Pool Balance of the relevant Class or Classes of Certificates plus accrued and unpaid interest thereon to the date of purchase without premium but including any other amounts due to the Certificateholders of such Class or Classes.

PTC EVENT OF DEFAULT

A PTC Event of Default is defined under each Pass Through Trust Agreement as the failure to pay within 10 Business Days of the due date thereof: (i) the outstanding Pool Balance of the applicable Class of Certificates on the Final Maturity Date for such Class or (ii) interest due on such Certificates on any Distribution Date (unless the Subordination Agent shall have made an Interest Drawing with respect thereto in an amount sufficient to pay such interest and shall have distributed such amount to the Certificateholders entitled thereto). A PTC Event of Default with respect to the most senior Class of Certificates resulting from an Indenture Default under all Indentures will constitute a Triggering Event.

MERGER, CONSOLIDATION AND TRANSFER OF ASSETS

Continental is 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 (i) the surviving successor or transferee corporation shall (a) be a "citizen of the United States" as defined in Section 40102(a)(15) of Title 49 of the United States Code, as amended, relating to aviation (the "Aviation Act"), (b) be a United States certificated air carrier and (c) expressly assume all of the obligations of Continental contained in the Pass Through Trust Agreements, the Refunding Agreements, the Indentures, the Participation Agreements and the Leases, and any other operative documents; (ii) immediately after giving effect to such transaction, no Lease Event of Default shall have occurred and be continuing; and (iii) Continental shall have delivered a certificate and an opinion or opinions of counsel indicating that such transaction complies with such conditions. (Section 5.02; Leases, Section 13.2)

The Pass Through Trust Agreements and the Indentures do not contain any covenants or provisions which 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 the execution of supplemental trust agreements, without the consent of the holders of any of the Certificates of such Trust, (i) 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, (ii) to add to the covenants of Continental for the benefit of holders of such Certificates or to surrender any right or power in such Pass Through Trust Agreement conferred upon Continental, (iii) to correct or supplement any defective or inconsistent provision of such Pass Through Trust Agreement or to modify any other provisions with respect to matters or questions arising thereunder, provided such action shall not materially adversely affect the interests of the holders of such Certificates, or to cure any ambiguity or correct any mistake, (iv) to add to such Pass Through Trust Agreement such other provisions as may be expressly permitted by the Trust Indenture Act and (v) to provide for a successor Trustee or to add to or change any provision of such Pass Through Trust Agreement as shall be necessary to facilitate the administration of the Trust thereunder by more than one Trustee. In addition, each Pass Through Trust Agreement provides that the Trustee will be permitted to enter into any amendment or supplement to the Intercreditor Agreement or the Liquidity Facilities, without the consent of the holders of any Certificates, to cure any ambiguity or correct any mistake or to correct or supplement any defective or inconsistent provision thereof or to modify any other provision with respect to matters or questions arising thereunder; provided that such action shall not materially adversely affect the interests of the Certificateholders. (Section 9.01)

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, and with the consent of the applicable Owner Trustee (such consent

not to be unreasonably withheld), of supplemental trust agreements adding any provisions to or changing or eliminating any of the provisions of such Pass Through Trust Agreement or modifying the rights of the Certificateholders, except that no such supplemental trust agreement may, without the consent of the holder of each Certificate so affected thereby, (a) reduce in any manner the amount of, or delay the timing of, any receipt by the Trustee of payments on the Equipment Notes or other Trust Property held in such Trust or distributions in respect of any Certificate related to such Trust, 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, (b) permit the disposition of any Equipment Note held in such Trust, except as provided in such Pass Through Trust Agreement, or otherwise deprive any Certificateholder of the benefit of the ownership of the applicable Equipment Notes, (c) alter the priority of distributions specified in the Intercreditor Agreement, (d) 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 or (e) 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. (Section 9.02)

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 applicable Pass Through Trust Agreement and the disposition of all property held in such Trust. The applicable Trustee will send to each Certificateholder of record 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)

DELAYED PURCHASE

In the event that on the date of the consummation of the Offering, the conditions to delivery of the Equipment Notes are not all satisfied and, as a result, any portion of the proceeds from the sale of the Certificates is not used to purchase the Equipment Notes issuable under any Indenture, such Equipment Notes may be purchased by the Trustees at any time on or prior to March 31, 1996. In such event, the Trustees will hold such proceeds not used to purchase Equipment Notes in an escrow account pending the purchase of the Equipment Notes not so purchased. Such proceeds will be invested in certain specified investments at the direction and risk of, and for the account of, Continental. Earnings on such investments in the escrow account for each Trust will be paid to Continental periodically, and Continental will be responsible for any losses. (Section 2.01(b))

THE TRUSTEES

The Trustee for each Trust is Wilmington Trust Company.

With certain exceptions, the Trustee makes no representations as to the validity or sufficiency of the Pass Through Trust Agreements, the Certificates, the Equipment Notes, the Indentures, the Leases or other related documents. (Sections 7.04 and 7.15) The Trustee of any Trust shall not be liable, with respect to the Certificates of such Trust, for any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in principal amount of outstanding Certificates of such Trust. Subject to certain provisions, the Trustees shall be under no obligation to exercise any of their rights or powers under any Pass Through Trust Agreement at the request of any holders of Certificates issued thereunder unless there shall

have been offered to the Trustees indemnity satisfactory to them. (Section 7.03(d)) Each Pass Through Trust Agreement provides that the Trustees in their individual or any other capacity may acquire and hold Certificates issued thereunder and, subject to certain conditions, may otherwise deal with Continental and with any Owner Trustee with the same rights they would have if they were not the Trustees. (Section 7.05)

Any Trustee may resign with respect to any or all of the Trusts of which it is the Trustee at any time, in which event Continental will be obligated to appoint a successor trustee. If any Trustee ceases to be eligible to continue as Trustee with respect to a Trust or becomes incapable of acting as Trustee or becomes insolvent, Continental may, with the consent of the Owner Participants for the Aircraft (which consent shall not be unreasonably withheld), remove such Trustee or any holder of the Certificates of such Trust for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the removal of such Trustee and the appointment of a successor trustee. Any resignation or removal of the Trustee with respect to a Trust and appointment of a successor trustee for such Trust does not become effective until acceptance of the appointment by the successor trustee. (Sections 7.09 and 7.10)

Each Pass Through Trust Agreement provides that Continental or the Owner Participant will pay the applicable Trustee's fees and expenses. (Section 7.07)

BOOK-ENTRY; DELIVERY AND FORM

The New Certificates of each Trust will be represented by a single, permanent global Certificate, in definitive, fully registered form without interest coupons (the "Global Certificate"), to be deposited with the Trustee as custodian for DTC and registered in the name of a nominee of DTC.

Old Certificates originally issued in definitive, fully registered form with respect to any Trust ("Definitive Certificates") will be exchanged for beneficial interests in the Global Certificate, representing the New Certificates of such Trust.

DTC has advised Continental as follows: DTC is a limited purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the Uniform Commercial Code and a "Clearing Agency" registered pursuant to the provision of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. 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 participants").

Upon the issuance of the Global Certificates, DTC or its custodian credited, on its internal system, the respective principal amount of the individual beneficial interests represented by such Global Certificates to the accounts of persons who have accounts with such depository. Ownership of beneficial interests in the Global Certificates is limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in the Global Certificates is shown on, and the transfer of that ownership is effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). The laws of some states require that certain purchasers of securities take physical delivery of such securities. Such limits and such laws may limit the market for beneficial interests in the Global Certificates. Qualified institutional buyers may hold their interests in the Global Certificates directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

So long as DTC or its nominee is the registered owner or holder of the Global Certificates, DTC or such nominee, as the case may be, will be considered the sole record owner or holder of the Certificates represented by such Global Certificates for all purposes under the related Pass Through Trust Agreements. No beneficial owners of an interest in the Global Certificates will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Pass Through Trust Agreements and, if applicable, Euroclear or Cedel.

Payments of the principal of, premium, if any, and interest on the Global Certificates will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither Continental, the Trustee, nor any paying agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Global Certificates or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Continental expects that DTC or its nominee, upon receipt of any payment of principal, premium, if any, or interest in respect of the Global Certificates will credit participants' accounts with payments in amounts proportionate to their respective beneficial ownership interests in the principal amount of such Global Certificates, as shown on the records of DTC or its nominee. Continental also expects that payments by participants to owners of beneficial interests in such Global Certificates held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

Neither Continental nor the Trustee has any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depository for the Global Certificates and a successor depository is not appointed by within 90 days, the Trusts will issue Definitive Certificates in exchange for the Global Certificates.

DESCRIPTION OF THE LIQUIDITY FACILITIES

The following summary describes certain terms of the Liquidity Facilities and certain provisions of the Intercreditor Agreement relating to the Liquidity Facilities. The summary does not purport to be complete and reference is made to the provisions of the Liquidity Facilities and such provisions of the Intercreditor Agreement, which has been filed as an exhibit to the Registration Statement. The provisions of the Liquidity Facilities are substantially identical except as otherwise indicated. Upon request, copies of such documents will be furnished to any prospective investor in the Certificates. Copies of such documents are filed as exhibits to the Registration Statement and are available from the Trustee.

GENERAL

With respect to the Certificates of each Trust (other than the Class D Trust), the Subordination Agent has entered into a Liquidity Facility with the Liquidity Provider pursuant to which the Liquidity Provider will make one or more advances to the Subordination Agent to pay interest on such Certificates subject to certain limitations. The Liquidity Facility for any Trust is intended to enhance the likelihood of timely receipt by the Certificateholders of such Trust of the interest payable on the Certificates of such Trust at the Stated Interest Rate therefor on six consecutive Regular Distribution Dates. If interest payment defaults occur which exceed the amount covered by or available under the Liquidity Facility for any Trust, the Certificateholders of such Trust will bear their allocable share of the deficiencies to the extent that there are no other sources of funds. Although Credit Suisse is the initial Liquidity Provider for each of the Class A Trust, the Class B Trust and the Class C Trust, Credit Suisse may be replaced by another entity with respect to one or more Trusts under certain circumstances. Therefore, the liquidity provider for any Trust may be different from the liquidity provider for any other Trust.

DRAWINGS

The initial stated amount available under each of the Liquidity Facilities for the Class A Trust, the Class B Trust and the Class C Trust is \$30,078,208.00, \$11,772,633.60 and \$11,117,550.00, respectively. Except as otherwise provided below, the Liquidity Facility for each Trust will enable the Subordination Agent to make Interest Drawings thereunder promptly after any Regular Distribution Date to pay interest then due and payable on the Certificates of such Trust at the Stated Interest Rate for such Trust to the extent that the amount, if any, available to the Subordination Agent on such Regular Distribution Date is not sufficient to pay such interest; provided, however, that the maximum amount available to be drawn under such Liquidity Facility on any Regular Distribution Date to fund any shortfall of interest on such Certificates will not exceed an amount equal to the then stated amount of such Liquidity Facility. The Liquidity Facility for any Trust does not provide for drawings thereunder to pay for principal of or premium on the Certificates of such Trust or any interest on the Certificates of such Trust in excess of the Stated Interest Rate for such Trust or more than six quarterly installments of interest thereon or principal of or interest or premium on the Certificates of any other Trust. (Liquidity Facilities, Section 2.02; Intercreditor Agreement, Section 3.6(b))

Each payment by the Liquidity Provider under each Liquidity Facility reduces pro tanto the amount available to be drawn under such Liquidity Facility, subject to reinstatement as hereinafter described. With respect to any Interest Drawings under the Liquidity Facility for any Trusts, upon reimbursement of the Liquidity Provider in full for the amount of such Interest Drawings plus interest thereon, the amount available to be drawn under such Liquidity Facility in respect of interest on the Certificates of such Trust shall be reinstated to an amount equal to the then stated amount of such Liquidity Facility; provided, however, that such Liquidity Facility shall not be so reinstated at any time after (i) a Triggering Event shall have occurred and be continuing and (ii) less than 65% of the then aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes. With respect to any other drawings under such Liquidity Facility, amounts available to be drawn thereunder are not subject to reinstatement. The stated amount of the Liquidity Facility for any Trust will

be automatically reduced from time to time to an amount equal to the next six successive interest payments due on the Certificates of such Trust (without regard to expected future payment of principal of such Certificates) at the Stated Interest Rate for such Trust. (Liquidity Facilities, Section 2.04(a); Intercreditor Agreement, Section 3.6(j))

If at any time the short-term unsecured debt rating of the Liquidity Provider for any Trust then issued by either Rating Agency is lower than the Threshold Rating, the Liquidity Facility for such Trust will be required to be replaced by a Replacement Facility (as defined below). In the event that such Liquidity Facility is not replaced with a Replacement Facility within 10 days after notice of the downgrading and as otherwise provided in the Intercreditor Agreement, the Subordination Agent shall request the Downgrade Drawing in an amount equal to all available and undrawn amounts thereunder and shall hold the proceeds thereof in the Cash Collateral Account for such Trust as cash collateral to be used for the same purposes and under the same circumstances as cash payments of Interest Drawings under such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(c); Intercreditor Agreement, Section 3.6(c))

A "Replacement Facility" for any Trust means an irrevocable liquidity facility in substantially the form of the initial Liquidity Facility for such Trust, 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 Certificates (before downgrading of such ratings, if any, as a result of the downgrading of the Liquidity Provider), in a face amount equal to the amount of interest payable on the Certificates of such Trust (at the Stated Interest Rate for such Trust, and without regard to expected future principal payments) on the six Regular Distribution Dates following the date of replacement of such Liquidity Facility and issued by a Person having unsecured short-term debt ratings issued by both Rating Agencies which are (i) equal to or higher than the Threshold Rating and (ii) equal to or higher than the unsecured short-term debt ratings of the Liquidity Provider being replaced issued by both Rating Agencies. (Intercreditor Agreement, Section 1.1)

"Threshold Rating" means the short-term unsecured debt rating of P-2 by Moody's and A-1 by Standard & Poor's.

The Liquidity Facility for each Trust provides that the Liquidity Provider's obligations thereunder will expire on the earliest of (i) January 29, 1997; (ii) the date on which such Liquidity Facility is surrendered to the Liquidity Provider together with a certification that all of the Certificates of such Trust have been paid in full; (iii) the date such Liquidity Facility is surrendered to the Liquidity Provider together with a certification that a Replacement Facility has been substituted for such Liquidity Facility; (iv) the fifth Business Day following receipt by the Subordination Agent of a Termination Notice from the Liquidity Provider (see "--Liquidity Events of Default"); and (v) the date on which no amount is or may (by reason of reinstatement) become available for drawing under such Liquidity Facility. Each Liquidity Facility provides that the scheduled expiration date thereof may be extended for additional one-year periods by mutual agreement. The Intercreditor Agreement provides for the replacement of the Liquidity Facility for any Trust (other than a Liquidity Facility which expires no earlier than 15 days later than the final maturity date) in the event that such Liquidity Facility is not extended at least 25 days prior to its then scheduled expiration date. In the event such Liquidity Facility is not so extended or replaced within 25 days prior to its then scheduled expiration date, the Subordination Agent shall request the Non-Extension Drawing in an amount equal to all available and undrawn amounts thereunder and hold the proceeds thereof in the Cash Collateral Account for such Trust 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 such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(b); Intercreditor Agreement, Section 3.6(d))

Continental, in consultation with the Subordination Agent, may direct the Owner Participants (which shall follow such direction unless they have a bona fide, good faith reason not to) to arrange for a replacement facility at any time to replace the Liquidity Facility for any Trust. If such replacement facility is provided at any

time after the Downgrade Drawing or the Non-Extension Drawing under such Liquidity Facility, the funds on deposit in the Cash Collateral Account for such Trust will be returned to the Liquidity Provider being replaced. (Intercreditor Agreement, Section 3.6(e))

The Intercreditor Agreement provides that, upon receipt by the Subordination Agent of a Termination Notice with respect to any Liquidity Facility from the Liquidity Provider, the Subordination Agent shall request a final drawing (the "Final Drawing") under such Liquidity Facility in an amount equal to all available and undrawn amounts thereunder and shall hold the proceeds thereof in the Cash Collateral Account for the related Trust 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 such Liquidity Facility would be used. (Liquidity Facilities, Section 2.02(d); Intercreditor Agreement, Section 3.6(i))

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

REIMBURSEMENT OF DRAWINGS

Amounts drawn under any Liquidity Facility by reason of an Interest Drawing or the Final Drawing will be immediately due and payable, together with interest on the amount of such drawing at a rate equal to the applicable LIBOR plus 2.00% per annum; provided that the Subordination Agent will be obligated to reimburse such amounts only to the extent that the Subordination Agent has available funds therefor.

The amount drawn under the Liquidity Facility for any Trust by reason of the Downgrade Drawing or the Non-Extension Drawing will be treated as follows: (i) such amount will be released on any Regular Distribution Date to the Liquidity Provider to the extent that such amount exceeds the amount of interest payable on the then outstanding aggregate principal amount of the Certificates of such Trust at the Stated Interest Rate for such Trust on six consecutive Regular Distribution Dates (without regard to expected future payments of principal of such Certificates) minus any unreimbursed Interest Drawings under such Liquidity Facility; (ii) any portion of such amount withdrawn from the Cash Collateral Account for such Certificates to pay interest on such Certificates will be treated in the same way as Interest Drawings; and (iii) the balance of such amount will be invested in Eligible Investments. Any portion of the Downgrade Drawing or the Non-Extension Drawing under any Liquidity Facility remaining unreimbursed as of the tenth anniversary of the consummation of the Offering (or, if such Liquidity is extended beyond such tenth anniversary, the expiration date thereof so extended) shall be payable in eight quarterly installments, commencing on the Regular Distribution Date immediately following such date; provided that such principal installments shall not be required to be paid so long as Continental complies with its obligation to purchase participation interests in the Liquidity Facilities pursuant to a separate agreement with Credit Suisse. The Downgrade Drawing or the Non-Extension Drawing under any Liquidity Facility will bear interest at a rate equal to the applicable LIBOR plus 0.75% per annum. (Liquidity Facilities, Section 2.06)

LIQUIDITY EVENTS OF DEFAULT

Events of Default under each Liquidity Facility (each, a "Liquidity Event of Default") will consist of: (i) the acceleration of all the Equipment Notes; and (ii) certain bankruptcy or similar events involving Continental. (Liquidity Facilities, Section 1.01)

If (i) any Liquidity Event of Default occurs under any Liquidity Facility and (ii) less than 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes, the Liquidity Provider may, in its discretion, give a notice of termination of the related Liquidity Facility and accelerate the reimbursement obligations thereunder (a "Termination Notice") the effect of which shall be to cause (i) such Liquidity Facility to expire on the fifth Business Day after the date on which such Termination Notice is received by the Subordination Agent, (ii) any Drawing remaining unreimbursed as of the date of termination to be automatically converted into a Final Drawing under such Liquidity Facility, and (iii) all amounts owing to the Liquidity Provider automatically to become accelerated. Notwithstanding the foregoing, the Subordination Agent will be obligated to pay amounts owing to the 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 Liquidity Provider may become the Controlling Party with respect to the exercise of remedies under the Indentures. (Intercreditor Agreement, Section 2.6(c))

LIQUIDITY PROVIDER

The initial Liquidity Provider is Credit Suisse.

Founded in 1856, Credit Suisse is the oldest of Switzerland's three major banks and maintains its corporate headquarters in Zurich, Switzerland. Within Switzerland, Credit Suisse conducts its operations through 311 offices and branches. Internationally, Credit Suisse maintains a presence on five continents through its 73 foreign branches, representative offices and subsidiaries. Banking operations of Credit Suisse in the United States began in 1940 and currently include branches in New York and Los Angeles, an agency in Miami, and representative offices in San Francisco, Atlanta, Chicago and Houston.

DESCRIPTION OF THE INTERCREDITOR AGREEMENT

The following summary describes certain provisions of the Intercreditor Agreement. The summary does not purport to be complete and reference is made to the provisions of the Intercreditor Agreement. The Intercreditor Agreement is filed as an exhibit to the Registration Statement and is available from the Trustee.

INTERCREDITOR RIGHTS

Controlling Party

Pursuant to the Intercreditor Agreement, the Trustees and the Liquidity Provider have agreed that, with respect to any Indenture at any given time, the Loan Trustee is directed (a) in taking, or refraining from taking, any action thereunder by the holders of at least a majority of the outstanding principal amount of the Equipment Notes issued thereunder (provided that, for so long as the Subordination Agent is the registered holder of the Equipment Notes, the Subordination Agent shall act with respect to this clause (a) in accordance with the directions of the Trustees), so long as no Indenture Default shall have occurred and be continuing thereunder and (b) after the occurrence and during the continuance of an Indenture Default thereunder, in taking, or refraining from taking, any action thereunder, including exercising remedies thereunder (including acceleration of such Equipment Notes or foreclosing the lien on the Aircraft securing such Equipment Notes), by the Controlling Party. See "Description of New 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. Notwithstanding the foregoing, the Liquidity Provider shall have the right to direct such Loan Trustee with respect to such matters at any time after 18 months from the acceleration of the Equipment Notes under such Indenture, if at the time of such election the Liquidity Obligations have not been paid in full; provided that if there is more than one Liquidity Provider, the Liquidity Provider with the greatest amount of unreimbursed Liquidity Obligations shall have such right; provided that at any time after Continental has acquired 100% participation interests in the Liquidity Facilities, the Liquidity Provider shall not have the right to become the Controlling Party. For purposes of giving effect to the foregoing, the Trustees (other than the Controlling Party) shall irrevocably agree (and the Certificateholders (other than the Certificateholders represented by the Controlling Party) shall be deemed to agree by virtue of their purchase of Certificates) to exercise their voting rights as directed by the Controlling Party. (Intercreditor Agreement, Section 2.6)

The Controlling Party may not, without the consent of the Liquidity Provider (which consent shall not be unreasonably withheld or delayed), amend the provisions of or direct the exercise of any remedy or the taking of any other action (including the sale of any Equipment Note, Lease or Aircraft unless its market value is paid within two years from the earliest such amendment, exercise or other action) under the Indentures or various other agreements, if the effect thereof would be to impair the ability of the Subordination Agent to cause all Liquidity Obligations to be paid in full within one year of the date when due; provided that, if the Controlling Party is an Owner Participant or its affiliate, the consent requirements will apply to any disposition of any Equipment Note, Lease or Aircraft, regardless of the terms of disposition.

Sale of Equipment Notes or Aircraft

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

adjusted, if, as a result of such adjustment, the discounted present value of all such rentals would be less than 75% of the discounted present value of the rentals payable by Continental under such Lease before giving effect to such adjustment, in each case, using the weighted average interest rate of the Equipment Notes issued under such Indenture as the discount rate.

The Subordination Agent may from time to time during the continuance of an Indenture Default commission an Appraisal with respect to the related Aircraft at the request of the Controlling Party. (Intercreditor Agreement, Section 4.1)

"Appraisal" means a fair market value appraisal (which may be a "desktop" appraisal) performed by any Appraiser or any other nationally recognized appraiser on the basis of an arm's-length transaction between an informed and willing purchaser under no compulsion to buy and an informed and willing seller under no compulsion to sell and both having knowledge of all relevant facts.

"Appraised Value" means at any time with respect to any Aircraft, the appraised value thereof as set forth in the most recent Appraisal, provided that initially, the Appraised Value of any Aircraft means the lower of the average or the median of the three appraisals provided by the Appraisers for such Aircraft.

Priority of Distributions

So long as no Triggering Event shall have occurred, the 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:

(i) to pay the Liquidity Obligations (other than any interest accrued thereon or the principal amount of any Drawing) (the "Liquidity Expenses") to the Liquidity Provider;

(ii) to pay interest accrued on the Liquidity Obligations to the Liquidity Provider;

(iii) to pay or reimburse the Liquidity Provider for the Liquidity Obligations and, if applicable, to replenish each Cash Collateral Account up to the amount of interest payable on the related Class of Certificates at the Stated Interest Rate therefor on six consecutive Regular Distribution Dates (the "Required Amount");

(iv) to pay Expected Distributions to the holders of Class A Certificates;

(v) to pay Expected Distributions to the holders of Class B Certificates;

(vi) to pay Expected Distributions to the holders of Class C Certificates;

(vii) to pay Expected Distributions to the holders of Class D Certificates; and

(viii) to pay certain fees and expenses of the Subordination Agent and the Trustees.

Subject to the terms of the Intercreditor Agreement, upon the occurrence of a Triggering Event and at all times thereafter, all funds received by the Subordination Agent in respect of the Equipment Notes and certain other payments will be promptly distributed by the Subordination Agent in the following order of priority:

(i) to pay certain out-of-pocket costs and expenses actually incurred by the Subordination Agent, any Trustee, any Certificateholder or the Liquidity Provider in connection with the protection and realization of the Equipment Notes or the Trust Indenture Estate;

(ii) to the Liquidity Provider, to pay the Liquidity Expenses;

(iii) to the Liquidity Provider, to pay interest accrued on the Liquidity Obligations;

(iv) to the Liquidity Provider, to pay the outstanding amount of all Liquidity Obligations and, if applicable, so long as at least 65% of the aggregate outstanding principal amount of all Equipment Notes are Performing Equipment Notes, to replenish each Cash Collateral Account up to the Required Amount for the related Class of Certificates;

(v) to pay certain fees, taxes, charges and other amounts payable to the Subordination Agent, any Trustee or any Certificateholder;

(vi) to pay Final Distributions to the holders of Class A Certificates (reducing the Pool Balance thereof to zero);

(vii) to pay Final Distributions to the holders of Class B Certificates (reducing the Pool Balance thereof to zero);

(viii) to pay Final Distributions to the holders of Class C Certificates (reducing the Pool Balance thereof to zero); and

(ix) to pay Final Distributions to the holders of Class D Certificates (reducing the Pool Balance thereof to zero).

Notwithstanding the foregoing provisions, so long as no PTC Event of Default shall have occurred and be continuing with respect to the most senior Class of Certificates outstanding, any regularly scheduled payment received on the Performing Equipment Notes shall be distributed as follows:

(x) the Performing Equipment Notes Interest Payment will be distributed in the following order:

(1) to the Liquidity Provider in payment of the Liquidity Obligations, and to the Subordination Agent, the Trustees, the Certificateholders or the Liquidity Provider, as the case may be, in payment of the amounts payable to such parties in clauses (i) and (v) immediately above (the "Administration Expenses");

(2) to the holders of Class A Certificates in payment of accrued and unpaid interest on the Class A Certificates;

(3) to the holders of Class B Certificates in payment of accrued and unpaid interest on the Class B Certificates;

(4) to the holders of Class C Certificates in payment of accrued and unpaid interest on the Class C Certificates; and

(5) to the holders of Class D Certificates;

provided that the provisions of this paragraph (x) will be given effect before distribution of any funds received in respect of any Non-Performing Equipment Notes;

(y) the Performing Equipment Notes Principal Payment will be distributed in the following order:

(1) to the holders of Class A Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust;

(2) to the holders of Class B Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust;

(3) to the holders of Class C Certificates in payment of the greater of (A) the Adjusted Expected Distributions to such holders on such Distribution Date and (B) such holders' pro rata portion of the Performing Equipment Notes Principal Payment based on the Adjusted Pool Balance of such Trust; and

(4) to the holders of Class D Certificates;

provided that the provisions of this paragraph (y) will be given effect after distributing any funds received in respect of any Non-Performing Equipment Notes;

provided that if the aggregate amount of future scheduled payments in respect of the Performing Equipment Notes, together with the Performing Equipment Notes Principal Payment as of such Distribution Date, will be (assuming the distribution of such amount as contemplated by paragraphs (x) and (y) and that no further payment will be received at any time from the Non-Performing Equipment Notes) insufficient to pay interest on any Class of Certificates and reduce the Pool Balance of such Class of Certificates to zero before the Final Maturity Date thereof, the amount of distributions to be made to the holders of such Class of Certificates on such Distribution Date will be increased by the amount of such deficiency prior to making any distributions to the holders of any Class of Certificates junior to such Class of Certificates and such increase shall be taken into account for the purpose of applying this proviso to the holders of any such junior Class of Certificates.

Interest Drawings under the Liquidity Facility and withdrawals from the Cash Collateral Account, in each case in respect of interest on the Certificates of any Trust (other than the Class D Trust), will be distributed to the Trustee for such Trust, notwithstanding the priority of distributions set forth in the Intercreditor Agreement and otherwise described herein. All amounts on deposit in the Cash Collateral Account for any Trust which are in excess of amounts required to be maintained therein to pay interest on the Certificates of such Trust at the Stated Interest Rate for such Trust on six consecutive Regular Distribution Dates and all investment earnings on such amounts on deposit in the Cash Collateral Account will be paid to the Liquidity Provider.

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, modification or waiver under such Equipment Note, the Indenture, the Lease, the Participation Agreement or other related document, (i) if no Indenture Default shall have occurred and be continuing, the Subordination Agent shall request instructions from the Certificateholders and shall vote or consent in accordance with the vote of the Certificateholders and (ii) if any Indenture Default shall have occurred and be continuing with respect to such Indenture, the Subordination Agent will exercise its voting rights as directed by the Controlling Party. (Intercreditor Agreement, Section 9.1)

THE SUBORDINATION AGENT

Wilmington Trust Company is 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.

DESCRIPTION OF THE AIRCRAFT AND THE APPRAISALS

THE AIRCRAFT

The Aircraft are comprised of nine Boeing 737-500 aircraft and nine Boeing 757-200 aircraft. The Aircraft are designed to be in compliance with Stage III noise level standards, which constitute the most restrictive regulatory standards currently in effect in the United States for aircraft noise abatement. The table below sets forth certain additional information for the Aircraft.

FAA Number	Aircraft Type	Engine Type	Delivery Date	Appraised Value		
				AISI	BK	MBA
(dollars in millions)						
N17104	757-200	RB21 1-535E4B	July 1994	\$48.80	\$47.50	\$49.77
N17105	757-200	RB21 1-535E4B	Aug. 1994	49.02	47.50	50.00
N14106	757-200	RB21 1-535E4B	Sept. 1994	49.24	47.50	50.23
N14107	757-200	RB21 1-535E4B	Oct. 1994	49.45	47.50	50.45
N21108	757-200	RB21 1-535E4B	Nov. 1994	49.67	47.50	50.68
N12109	757-200	RB21 1-535E4B	Dec. 1994	49.89	47.50	50.91
N13110	757-200	RB21 1-535E4B	Dec. 1994	49.89	47.50	50.91
N18112	757-200	RB21 1-535E4B	Feb. 1995	50.33	47.50	51.36
N13113	757-200	RB21 1-535E4B	April 1995	50.76	47.50	51.82
N17620	737-500	CFM56-3B 1	Feb. 1995	28.93	25.00	25.56
N19623	737-500	CFM56-3B 1	Jan. 1995	28.68	25.00	25.44
N13624	737-500	CFM56-3B 1	Feb. 1995	28.93	25.00	25.56
N46625	737-500	CFM56-3B 1	Jan. 1995	28.68	25.00	25.44
N32626	737-500	CFM56-3B 1	April 1995	29.44	25.00	25.78
N17627	737-500	CFM56-3B 1	April 1995	29.44	25.00	25.78
N62631	737-500	CFM56-3B 1	June 1995	29.95	25.00	26.01
N16632	737-500	CFM56-3B 1	July 1995	30.20	25.00	26.13
N24633	737-500	CFM56-3B 1	Aug. 1995	30.46	25.00	26.18

APPRAISED VALUE

The appraised values set forth in the foregoing chart were determined by the following three independent aircraft appraisal and consulting firms: AISI, BK and MBA. Each Appraiser was asked to provide its opinion as to the fair market value of each Aircraft as of January 3, 1996. As part of this process, all three Appraisers performed "desk-top" appraisals without any physical inspection of the Aircraft.

However, an appraisal is only an estimate of value and should not be relied upon as a measure of realizable value; the proceeds realized upon a sale of any Aircraft may be less than the appraised value thereof. The value of the Aircraft in the event of the exercise of remedies under the applicable Indenture will depend on market and economic conditions, the availability of buyers, the condition of the Aircraft and other similar factors. Accordingly, there can be no assurance that the proceeds realized upon any such exercise with respect to the Equipment Notes and the Aircraft pursuant to the applicable Indenture would be as appraised or sufficient to satisfy in full payments due on the Equipment Notes issued thereunder.

DESCRIPTION OF THE EQUIPMENT NOTES

The statements under this caption are summaries and do not purport to be complete. The summaries make use of terms defined in the Equipment Notes, the Indentures, the Leases, the Participation Agreements, the Trust Agreements and the Refunding Agreements and reference is made to all of the provisions of such documents. Except as otherwise indicated, the following summaries relate to the Equipment Notes, the Indenture, the Lease, the Participation Agreement, the Trust Agreement and the Refunding Agreement relating to each Aircraft, forms of which are filed as exhibits to the Registration Statement.

GENERAL

The Equipment Notes have been issued in four series with respect to each Aircraft. The Equipment Notes with respect to each Aircraft were issued under a separate Indenture between First Security Bank of Utah, National Association, as Owner Trustee of a trust for the benefit of the Owner Participant who is the beneficial owner of such Aircraft, and Wilmington Trust Company, as Loan Trustee.

The related Owner Trustee leases each Aircraft to Continental pursuant to a separate Lease between such Owner Trustee and Continental with respect to such Aircraft. Under each Lease, Continental is obligated to make or cause to be made rental and other payments to the related Loan Trustee on behalf of the related Owner Trustee, which rental and other payments will be at least sufficient to pay in full when due all payments required to be made on the Equipment Notes issued with respect to such Aircraft. The Equipment Notes are not, however, direct obligations of, or guaranteed by, Continental. Continental's rental obligations under each Lease are general obligations of Continental.

General Electric Company is currently the Owner Participant with respect to all of the eighteen leveraged leases for the Aircraft. The Owner Participant or its affiliate also acquired all of the Class D Certificates contemporaneously with the consummation of the Offering. General Electric Company has the right to sell, assign or otherwise transfer its interests as Owner Participant in any or all of such leveraged leases, subject to the terms and conditions of the relevant Participation Agreement and related documents, and the Class D Certificateholder will have the right to sell any or all Class D Certificates, subject to the terms and conditions of the Pass Through Trust Agreement for the Class D Trust.

SUBORDINATION

Series B Equipment Notes issued in respect of any Aircraft are subordinated in right of payment to Series A Equipment Notes issued in respect of such Aircraft; Series C Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series B Equipment Notes; and Series D Equipment Notes issued in respect of such Aircraft are subordinated in right of payment to such Series C Equipment Notes. On each Equipment Note payment date, (i) payments of interest and principal due on Series A Equipment Notes issued in respect of any Aircraft will be made prior to payments of interest and principal due on Series B Equipment Notes issued in respect of such Aircraft, (ii) payment of interest and principal due on such Series B Equipment Notes will be made prior to payments of interest and principal due on Series C Equipment Notes issued in respect of such Aircraft and (iii) payments of interest and principal due on such Series C Equipment Notes will be made prior to payments of interest and principal due on Series D Equipment Notes issued in respect of such Aircraft.

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 on the dates and at the rate per annum set forth on the cover page of this Prospectus until the final expected Regular Distribution Date for such Trust.

Subject to the provisions of the Intercreditor Agreement, principal paid on the Equipment Notes held in each Trust will be passed through to the Certificateholders of such Trust in scheduled amounts on the dates set forth herein until the final expected Regular Distribution Date for such Trust.

The aggregate original principal amounts of the Equipment Notes issued with respect to each Aircraft, as such Equipment Notes will be held in each of the Trusts, are as follows:

Aircraft No.	Trust 1996-A % Equipment Notes	Trust 1996-B % Equipment Notes	Trust 1996-C % Equipment Notes	Trust 1996-D % Equipment Notes	Total
N17620.....	\$ 10,222,000.00	\$ 3,577,700.00	\$ 2,811,050.00	\$ 2,300,000.00	\$ 18,910,750.00
N19623.....	10,200,000.00	3,570,000.00	2,805,000.00	2,300,000.00	18,875,000.00
N13624.....	10,222,000.00	3,577,700.00	2,811,050.00	2,300,000.00	18,910,750.00
N46625.....	10,200,000.00	3,570,000.00	2,805,000.00	2,300,000.00	18,875,000.00
N32626.....	10,313,200.00	3,609,620.00	2,836,130.00	2,300,000.00	19,058,950.00
N17627.....	10,313,200.00	3,609,620.00	2,836,130.00	2,300,000.00	19,058,950.00
N62631.....	10,404,400.00	3,641,540.00	2,861,210.00	2,300,000.00	19,207,150.00
N16632.....	10,450,000.00	3,657,500.00	2,873,750.00	2,300,000.00	19,281,250.00
N24633.....	10,471,600.00	3,665,060.00	2,879,690.00	2,300,000.00	19,316,350.00
N17104.....	19,342,666.67	6,769,933.33	5,319,233.33	3,400,000.00	34,831,833.33
N17105.....	19,415,733.33	6,795,506.67	5,339,326.67	3,400,000.00	34,950,566.67
N14106.....	19,488,666.67	6,821,033.33	5,359,383.33	3,400,000.00	35,069,083.33
N14107.....	19,560,266.67	6,846,093.33	5,379,073.33	3,400,000.00	35,185,433.33
N21108.....	19,633,200.00	6,871,620.00	5,399,130.00	3,400,000.00	35,303,950.00
N12109.....	19,706,266.67	6,897,193.33	5,419,223.33	3,400,000.00	35,422,683.33
N13110.....	19,706,266.67	6,897,193.33	5,419,223.33	3,400,000.00	35,422,683.33
N18112.....	19,858,933.33	6,950,626.67	5,461,206.67	3,400,000.00	35,670,766.67
N13113.....	20,009,599.99	7,004,060.01	5,502,190.01	3,400,000.00	35,915,850.01
Total.....	\$269,518,000.00	\$94,332,000.00	\$74,117,000.00	\$51,300,000.00	\$489,267,000.00

Interest is payable on the unpaid principal amount of each Equipment Note at the rate applicable to such Equipment Note on January 15, April 15, July 15 and October 15 in each year, commencing April 15, 1996. Such interest is computed on the basis of a 360-day year of twelve 30-day months. Under certain circumstances described in "The Exchange Offer--General", the interest rates for the Equipment Notes may be increased to the extent described therein.

If any date scheduled for any payment of principal, premium (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 without any additional interest.

REDEMPTION

The Equipment Notes issued with respect to any Aircraft will be redeemed, in whole, at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, but without premium, on a Special Distribution Date upon the occurrence of an Event of Loss to such Aircraft if such Aircraft is not replaced. (Indentures, Section 2.10(a))

The Equipment Notes relating to an Aircraft will be redeemed, in whole, on a Special Distribution Date in connection with Continental's exercise of its right to terminate the applicable Lease under Section 9 of such Lease at a price equal to the aggregate unpaid principal amount thereof, together with accrued interest thereon to, but not including, the date of redemption, plus a Make-Whole Premium (as defined below). (Indentures, Section 2.10(b)). See "--The Leases--Lease Termination".

All of the Equipment Notes issued with respect to an Aircraft may be redeemed prior to maturity as part of a refunding or refinancing thereof under Section 13 of the applicable Participation Agreement at a price equal to the aggregate unpaid principal thereof, together with accrued interest thereon to, but not including, the date of redemption, plus a Make-Whole Premium, if any. (Indentures, Section 2.11)

If notice of such a redemption shall have been given in connection with a refinancing of such Equipment Notes, such notice may be revoked not later than three days prior to the proposed redemption date. (Indentures, Section 2.12)

If, with respect to an Aircraft, (x) one or more Lease Events of Default shall have occurred and be continuing, (y) the Loan Trustee with respect to such Equipment Notes shall take action or notify the applicable Owner Trustee that it intends to take action to foreclose the lien of the related Indenture or commence the exercise of any significant remedy under such Indenture or the related Lease or (z) the Equipment Notes with respect to such Aircraft shall have been accelerated, then in each case the Equipment Notes issued with respect to such Aircraft may be purchased by the Owner Trustee or Owner Participant on the applicable purchase date at a price equal to the Redemption Price, but without any premium (provided that a Make-Whole Premium shall be payable if such Equipment Notes are to be purchased pursuant to clause (x) when (A) a Lease Event of Default shall have occurred and be continuing for less than 120 days or (B) the only Lease Event of Default under the related Lease arises from the cross-default provisions of such Lease (in which event the option to purchase may not be exercised for 60 days after the date of notice thereof)). (Indentures, Section 2.14)

"Make-Whole Premium" means, with respect to a redemption or purchase of an Equipment Note, an amount equal to the greater of (i) zero and (ii) (x) the present value, discounted on a quarterly compounded basis utilizing an interest factor equal to the Reinvestment Yield, of the principal payments provided for in the amortization schedule for such Equipment Note (including the payment at final maturity) and the scheduled interest payments from the respective dates on which, but for such redemption or purchase, such principal payments and interest payments would have been payable on such Equipment Note, minus (y) the principal amount of such Equipment Note so to be redeemed or purchased plus accrued but unpaid interest thereon.

For purposes of the foregoing definition, "Reinvestment Yield" shall mean the arithmetic mean of the two most recent weekly average yields to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities equal to the remaining Weighted Average Life to Maturity of such Equipment Note as of the date of the proposed redemption or purchase), as published by the Federal Reserve Board in its Statistical Release H.15(519) or any successor publication for the two calendar weeks ending on the Saturday next preceding such date or, if such average is not published for such period, of such reasonably comparable index as may be designated in good faith by the Independent Investment Banker for such period. If no possible maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two most closely corresponding published maturities shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Yield shall be interpolated from such yields on a straight-line basis, rounding each of such relevant periods to the nearest month.

"Weighted Average Life to Maturity" of each Equipment Note means at the time of the determination thereof the number of years obtained by dividing the then Remaining Dollar-years of such Equipment Note by the then-outstanding principal amount of such Equipment Note. The term "Remaining Dollar-years" shall mean the amount obtained by (1) multiplying the amount of each then-remaining principal payment on such Equipment Note provided for in the amortization schedule for such Equipment Note by the number of years (calculated at the nearest one-twelfth) that will elapse between the date of determination of the Weighted Average Life to Maturity of such Equipment Note and the date of that required payment and (2) totaling all the products obtained in clause (1) above.

SECURITY

The Equipment Notes issued with respect to each Aircraft are secured by (i) an assignment by the related Owner Trustee to the related Loan Trustee of such Owner Trustee's rights, except for certain limited rights, under the Lease with respect to the related Aircraft, including the right to receive payments of rent thereunder, (ii) a mortgage to such Loan Trustee of such Aircraft, subject to the rights of Continental under such Lease, and (iii) an assignment to such Loan Trustee of certain of such Owner Trustee's rights under the purchase agreement between Continental and the related manufacturer. Unless and until an Indenture Default with respect to an Aircraft has occurred and is continuing, the Loan Trustee may not exercise the rights of the Owner Trustee under the related Lease, except the Owner Trustee's right to receive payments of rent due thereunder. The assignment by the Owner Trustee to the Loan Trustee of its rights under the related Lease will exclude rights of such Owner Trustee and the related Owner Participant relating to indemnification by Continental for certain matters, insurance proceeds payable to such Owner Trustee in its individual capacity and to such Owner Participant under liability insurance maintained by Continental under such Lease or by such Owner Trustee or such Owner Participant, insurance proceeds payable to such Owner Trustee in its individual capacity or to such Owner Participant under certain casualty insurance maintained by such Owner Trustee or such Owner Participant under such Lease and certain reimbursement payments made by Continental to such Owner Trustee. (Indenture, Granting Clause) The Equipment Notes are not cross-collateralized, and, consequently, the Equipment Notes issued in respect of any one Aircraft are not secured by any of the other Aircraft or replacement aircraft (as described in "--The Leases--Events of Loss") or the Leases related thereto.

Funds, if any, held from time to time by the Loan Trustee with respect to any Aircraft, including funds held as the result of an Event of Loss to such Aircraft or termination of the Lease, if any, relating thereto, will be invested and reinvested by such Loan Trustee, at the direction of the related Owner Trustee (except in the case of certain Indenture Defaults), in investments described in the related Indenture.

LOAN TO VALUE RATIOS OF EQUIPMENT NOTES

The following table sets forth loan to Aircraft value ratios for the Equipment Notes issued in respect of each Aircraft as of the dates specified and was obtained by dividing (i) the outstanding balance (assuming no payment default) of such Equipment Notes determined immediately after giving effect to the payments scheduled to be made in each such month by (ii) the assumed value (the "Assumed Aircraft Value") of the Aircraft securing such Equipment Notes. Loan to value ratios below cannot be recalculated due to rounding.

The table is based on the assumption that the value of each Aircraft set forth opposite January 1996 depreciates by 2% per year until the fifteenth year after the year of delivery of such Aircraft and 4% per year thereafter. Other rates or methods of depreciation would result in materially different loan-to-value ratios and no assurance can be given (i) that the depreciation rates and method assumed for the purposes of the table are the ones most likely to occur or (ii) as to the actual value of any Aircraft. Thus the table should not be considered a forecast or prediction of expected or likely loan to Aircraft value ratios but simply a mathematical calculation based on one set of assumptions.

	Aircraft No. N17620			Aircraft No. N19623			Aircraft No. N13624		
	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio
January 1996	\$18.91	\$25.56	74.00%	\$18.88	\$25.44	74.19%	\$18.91	\$25.56	74.00%
January 1997	18.59	25.04	74.21	18.55	24.93	74.40	18.59	25.04	74.21
January 1998	18.27	24.53	74.45	18.23	24.42	74.65	18.27	24.53	74.45
January 1999	17.82	24.02	74.18	17.79	23.91	74.37	17.82	24.02	74.18
January 2000	17.38	23.51	73.91	17.40	23.41	74.34	17.37	23.51	73.90
January 2001	16.44	23.00	71.49	16.45	22.90	71.84	16.44	23.00	71.47
January 2002	15.44	22.49	68.65	15.42	22.39	68.89	15.43	22.49	68.62
January 2003	14.34	21.98	65.23	14.32	21.88	65.46	14.35	21.98	65.29
January 2004	13.09	21.47	60.99	13.08	21.37	61.20	13.10	21.47	61.04
January 2005	11.73	20.96	55.99	11.78	20.86	56.46	11.81	20.96	56.35
January 2006	9.84	20.44	48.13	9.91	20.35	48.68	9.94	20.44	48.64
January 2007	7.13	19.93	35.79	7.81	19.84	39.36	7.81	19.93	39.19
January 2008	5.42	19.42	27.90	5.46	19.34	28.23	5.45	19.42	28.08
January 2009	4.52	18.91	23.90	4.53	18.83	24.05	4.52	18.91	23.91
January 2010	3.49	18.40	18.97	3.45	18.32	18.84	3.40	18.40	18.71
January 2011	2.40	17.38	13.79	2.27	17.30	13.12	2.26	17.38	12.99
January 2012	0.54	16.36	3.30	1.01	16.28	6.21	0.99	16.36	6.06
January 2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

	Aircraft No. N46625			Aircraft No. N32626			Aircraft No. N17627		
	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio
January 1996	\$18.88	\$25.44	74.19%	\$19.06	\$25.78	73.92%	\$19.06	\$25.78	73.92%
January 1997	18.55	24.93	74.40	18.73	25.27	74.13	18.73	25.27	74.13
January 1998	18.23	24.42	74.65	18.41	24.75	74.37	18.41	24.75	74.37
January 1999	17.79	23.91	74.37	17.96	24.24	74.10	17.96	24.24	74.10
January 2000	17.40	23.41	74.35	17.53	23.72	73.91	17.53	23.72	73.91
January 2001	16.45	22.90	71.84	16.54	23.20	71.28	16.55	23.20	71.30
January 2002	15.43	22.39	68.91	15.47	22.69	68.17	15.47	22.69	68.18
January 2003	14.33	21.88	65.48	14.28	22.17	64.41	14.28	22.17	64.42
January 2004	13.08	21.37	61.21	13.03	21.66	60.16	13.03	21.66	60.17
January 2005	11.78	20.86	56.47	11.78	21.14	55.72	11.79	21.14	55.75
January 2006	9.92	20.35	48.72	9.91	20.63	48.05	9.92	20.63	48.09
January 2007	7.81	19.84	39.37	7.84	20.11	39.00	7.84	20.11	39.00
January 2008	5.46	19.34	28.23	5.50	19.60	28.09	5.50	19.60	28.09
January 2009	4.53	18.83	24.05	4.61	19.08	24.15	4.61	19.08	24.15
January 2010	3.45	18.32	18.84	3.59	18.56	19.32	3.58	18.56	19.30
January 2011	2.27	17.30	13.13	2.48	17.53	14.15	2.48	17.53	14.13
January 2012	1.01	16.28	6.20	1.30	16.50	7.91	1.30	16.50	7.88
January 2013	0.00	0.00	0.00	0.36	15.47	2.32	0.36	15.47	2.32

	Aircraft No. N62631			Aircraft No. N16632			Aircraft No. N24633		
	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio
January 1996....	\$19.2	\$26.0	73.84	\$19.2	\$26.1	73.80	\$19.3	\$26.1	73.79
January 1997....	18.8	25.4	74.05	18.9	25.6	74.01	18.9	25.6	73.99
January 1998....	18.5	24.9	74.29	18.6	25.0	74.25	18.6	25.1	74.23
January 1999....	18.1	24.4	74.02	18.1	24.5	73.99	18.2	24.6	73.97
January 2000....	17.5	23.9	73.37	17.5	24.0	73.10	17.5	24.0	73.00
January 2001....	16.5	23.4	70.62	16.5	23.5	70.45	16.5	23.5	70.36
January 2002....	15.4	22.8	67.42	15.4	22.9	67.39	15.5	23.0	67.27
January 2003....	14.2	22.3	63.57	14.3	22.4	63.69	14.3	22.5	63.54
January 2004....	12.9	21.8	59.23	13.0	21.9	59.51	13.0	21.9	59.33
January 2005....	11.6	21.3	54.58	11.8	21.4	55.30	11.8	21.4	55.11
January 2006....	9.7	20.8	46.85	9.9	20.9	47.78	9.9	20.9	47.58
January 2007....	7.5	20.2	37.34	7.8	20.3	38.66	7.8	20.4	38.34
January 2008....	5.2	19.7	26.45	5.6	19.8	28.30	5.5	19.9	28.11
January 2009....	4.6	19.2	24.09	4.7	19.3	24.57	4.7	19.3	24.37
January 2010....	3.6	18.7	19.22	3.7	18.8	19.95	3.7	18.8	19.75
January 2011....	2.4	17.6	14.00	2.6	17.7	15.07	2.6	17.8	14.82
January 2012....	1.3	16.6	7.79	1.5	16.7	9.28	1.5	16.7	8.95
January 2013....	0.3	15.6	2.34	0.6	15.6	3.88	0.5	15.7	3.70

	Aircraft No. N17104			Aircraft No. N17105			Aircraft No. N14106		
	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio
January 1996	\$34.83	\$48.69	71.54%	\$34.95	\$48.84	71.56%	\$35.07	\$48.99	71.59%
January 1997	34.22	47.72	71.71	34.33	47.86	71.73	34.45	48.01	71.75
January 1998	33.61	46.74	71.91	33.73	46.89	71.93	33.84	47.03	71.95
January 1999	32.56	45.77	71.15	32.55	45.91	70.90	32.82	46.05	71.27
January 2000	30.76	44.79	68.66	30.69	44.93	68.31	31.08	45.07	68.97
January 2001	29.33	43.82	66.92	29.24	43.96	66.53	29.65	44.09	67.24
January 2002	26.85	42.85	62.66	26.74	42.98	62.22	27.19	43.11	63.07
January 2003	24.34	41.87	58.12	24.28	42.00	57.80	24.56	42.13	58.29
January 2004	22.63	40.90	55.34	22.56	41.03	55.00	22.85	41.15	55.53
January 2005	20.67	39.93	51.77	20.62	40.05	51.48	20.90	40.17	52.03
January 2006	18.37	38.95	47.15	18.29	39.07	46.82	18.73	39.19	47.80
January 2007	16.24	37.98	42.76	16.14	38.09	42.38	15.55	38.21	40.70
January 2008	13.01	37.00	35.15	13.15	37.12	35.42	10.77	37.23	28.92
January 2009	9.29	36.03	25.77	9.24	36.14	25.57	9.37	36.25	25.85
January 2010	7.79	34.08	22.86	7.69	34.19	22.50	7.88	34.29	22.97
January 2011	6.07	32.14	18.89	5.96	32.23	18.48	6.25	32.33	19.35
January 2012	4.13	30.19	13.68	4.07	30.28	13.44	4.50	30.37	14.80
January 2013	0.37	28.24	1.32	2.01	28.33	7.08	0.01	28.41	0.04

	Aircraft No. N14107			Aircraft No. N21108			Aircraft No. N12109		
	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio
January 1996	\$35.19	\$49.13	71.61%	\$35.30	\$49.28	71.64%	\$35.42	\$49.43	71.66%
January 1997	34.56	48.15	71.78	34.68	48.30	71.80	34.79	48.44	71.83
January 1998	33.95	47.17	71.98	34.07	47.31	72.00	34.18	47.46	72.02
January 1999	32.44	46.19	70.23	32.64	46.33	70.46	32.69	46.47	70.36
January 2000	30.69	45.20	67.90	30.83	45.34	68.00	31.05	45.48	68.27
January 2001	29.23	44.22	66.09	29.41	44.35	66.30	29.65	44.49	66.65
January 2002	26.74	43.24	61.84	26.94	43.37	62.11	27.18	43.50	62.49
January 2003	24.25	42.26	57.39	24.47	42.38	57.74	24.61	42.51	57.88
January 2004	22.54	41.27	54.62	22.76	41.40	54.98	22.92	41.52	55.19
January 2005	20.59	40.29	51.11	20.83	40.41	51.53	20.94	40.53	51.67
January 2006	18.22	39.31	46.35	18.51	39.43	46.94	18.57	39.55	46.97
January 2007	15.86	38.32	41.39	16.40	38.44	42.65	16.46	38.56	42.69
January 2008	12.70	37.34	34.02	13.47	37.46	35.95	13.54	37.57	36.05
January 2009	8.77	36.36	24.11	9.63	36.47	26.41	9.73	36.58	26.60
January 2010	7.66	34.39	22.28	8.14	34.50	23.59	8.41	34.60	24.29
January 2011	5.88	32.43	18.13	6.48	32.53	19.93	6.69	32.63	20.49
January 2012	3.94	30.46	12.92	4.61	30.56	15.09	3.14	30.65	10.24
January 2013	1.85	28.50	6.50	0.10	28.58	0.36	0.10	28.67	0.36

	Aircraft No. N13110			Aircraft No. N18112			Aircraft No. N13113		
	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio	Equipment Note Outstanding Balance (millions)	Assumed Aircraft Value (millions)	Loan to Value Ratio
January 1996	\$35.42	\$49.43	71.66%	\$35.67	\$49.73	71.73%	\$35.92	\$50.03	71.80%
January 1997	34.79	48.44	71.83	35.04	48.74	71.89	35.28	49.02	71.96
January 1998	34.18	47.46	72.02	34.42	47.74	72.09	34.62	48.02	72.09
January 1999	32.67	46.47	70.31	32.64	46.75	69.82	32.72	47.02	69.58
January 2000	30.94	45.48	68.03	30.88	45.75	67.49	30.85	46.02	67.04
January 2001	29.54	44.49	66.39	29.40	44.76	65.69	29.39	45.02	65.29
January 2002	27.06	43.50	62.22	26.93	43.76	61.54	26.93	44.02	61.17
January 2003	24.60	42.51	57.87	24.38	42.77	57.01	24.42	43.02	56.76
January 2004	22.89	41.52	55.12	22.68	41.77	54.30	22.70	42.02	54.01
January 2005	20.92	40.53	51.60	20.75	40.78	50.88	20.74	41.02	50.55
January 2006	18.56	39.55	46.93	18.38	39.78	46.21	18.36	40.02	45.88
January 2007	16.44	38.56	42.64	16.26	38.79	41.93	16.24	39.02	41.62
January 2008	13.52	37.57	35.98	13.04	37.80	34.49	13.09	38.02	34.43
January 2009	9.70	36.58	26.52	9.16	36.80	24.88	9.24	37.02	24.95
January 2010	8.37	34.60	24.18	7.35	35.81	20.52	7.40	36.02	20.55
January 2011	6.64	32.63	20.37	2.78	33.82	8.22	5.17	34.02	15.20
January 2012	3.09	30.65	10.08	0.87	31.83	2.74	2.53	32.02	7.90
January 2013	0.10	28.67	0.36	0.01	29.84	0.03	0.01	30.02	0.03

LIMITATION OF LIABILITY

The Equipment Notes are not direct obligations of, or guaranteed by, Continental, the Owner Participant or the Owner Trustees in their individual capacity. None of the Owner Trustees, the Owner Participants or the Loan Trustees, or any affiliates thereof, shall be personally liable to any holder of an Equipment Note or, in the case of the Owner Trustees and the Owner Participants, to the Loan Trustees for any amounts payable under the Equipment Notes or, except as provided in each Indenture, for any liability under such Indenture. All payments of principal of, premium, if any, and interest on the Equipment Notes issued with respect to any Aircraft (other than payments made in connection with an optional redemption or purchase of Equipment Notes by the related Owner Trustee or the related Owner Participant) will be made only from the assets subject to the lien of the Indenture with respect to such Aircraft or the income and proceeds received by the related Loan Trustee therefrom (including rent payable by Continental under the Lease with respect to such Aircraft).

Except as otherwise provided in the Indentures, each Owner Trustee in its individual capacity shall not be answerable or accountable under the Indentures or under the Equipment Notes under any circumstances except for its own willful misconduct or gross negligence. None of the Owner Participants will have any duty or responsibility under any of the Indentures or the Equipment Notes to the Loan Trustees or to any holder of any Equipment Note.

INDENTURE DEFAULTS, NOTICE AND WAIVER

Indenture Defaults under each Indenture include: (a) the occurrence of any Lease Event of Default under the related Lease (other than the failure to make certain indemnity payments and other payments to the related Owner Trustee or Owner Participant unless a notice is given by such Owner Trustee that such failure shall constitute an Indenture Default), (b) the failure by the Owner Trustee (other than as a result of a Lease Default or Lease Event of Default) to pay any interest or principal or premium, if any, when due, under such Indenture or under any Equipment Note issued thereunder continued for more than 10 business days, (c) the failure by the Owner Participant or the Owner Trustee to discharge certain liens, continued after notice and specified cure periods, (d) any representation or warranty made by the related Owner Trustee or Owner Participant in such Indenture, the related Participation Agreement, the related Refunding Agreement or certain related documents furnished to the Loan Trustee pursuant thereto being false or incorrect when made and continuing to be material and remaining unremedied after notice and specified cure periods, (e) failure by the related Owner Trustee or Owner Participant to perform or observe any covenant or obligation for the benefit of

the Loan Trustee or holders of Equipment Notes under such Indenture or certain related documents, continued after notice and specified cure periods, (f) the registration of the related Aircraft ceasing to be effective as a result of the Owner Participant not being a citizen of the United States or (g) the occurrence of certain events of bankruptcy, reorganization or insolvency of the related Owner Trustee or Owner Participant. (Indentures, Section 4.02) There are no cross-default provisions in the Indentures. Consequently, events resulting in an Indenture Default under any particular Indenture may or may not result in an Indenture Default occurring under any other Indenture. However, a Lease Event of Default under any Lease will constitute a Lease Event of Default under all Leases due to the cross-default provisions in the Leases, and will consequently result in an Indenture Default under all Indentures. (Leases, Section 14.8)

If Continental fails to make any quarterly basic rental payment due under any Lease, within a specified period after such failure the applicable Owner Trustee may furnish to the Loan Trustee the amount due on the Equipment Notes, together with any interest thereon on account of the delayed payment thereof, in which event the Loan Trustee and the holders of outstanding Equipment Notes issued under such Indenture may not exercise any remedies otherwise available under such Indenture or such Lease as the result of such failure to make such rental payment, unless Continental has failed to make a rental payment when due on the six or more immediately preceding quarterly basic rental payment dates or on any twelve or more previous quarterly basic rental payment dates. The applicable Owner Trustee also may cure any other default by Continental in the performance of its obligations under any Lease which can be cured with the payment of money. (Indentures, Section 4.03)

The holders of a majority in principal amount of the outstanding Equipment Notes issued with respect to any Aircraft, by notice to the Loan Trustee, may on behalf of all the holders waive any existing default and its consequences under the Indenture with respect to such Aircraft, except a default in the payment of the principal of or interest on any such Equipment Notes or a default in respect of any covenant or provision of such Indenture that cannot be modified or amended without the consent of each holder of Equipment Notes affected thereby. (Indentures, Section 4.08)

REMEDIES

If an Indenture Default occurs and is continuing under an Indenture, the related Loan Trustee or the holders of a majority in principal amount of the Equipment Notes outstanding under such Indenture may, subject to the applicable Owner Participant's or Owner Trustee's right to cure, as discussed above, declare the principal of all such Equipment Notes issued thereunder immediately due and payable, together with all accrued but unpaid interest thereon. The holders of a majority in principal amount of Equipment Notes outstanding under such Indenture may rescind any such declaration at any time before the judgment or decree for the payment of the money so due shall be entered if (i) there has been paid to the related Loan Trustee an amount sufficient to pay all principal, interest, and premium, if any, on any such Equipment Notes, to the extent such amounts have become due otherwise than by such declaration of acceleration and (ii) all other Indenture Defaults and potential Indenture Defaults under such Indenture have been cured or waived. (Indentures, Section 4.04(b))

Each Indenture provides that if an Indenture Default under such Indenture has occurred and is continuing, the related Loan Trustee may exercise certain rights or remedies available to it under such Indenture or under applicable law, including (if the corresponding Lease has been declared in default) one or more of the remedies under such Indenture or such Lease with respect to the Aircraft subject to such Lease. The related Loan Trustee's right to exercise remedies under such Indenture is subject, with certain exceptions, to its having proceeded to exercise one or more of the dispossessory remedies under the Lease with respect to such Aircraft; provided that the requirement to exercise such remedies under such Lease shall not apply in circumstances where such exercise has been involuntarily stayed or prohibited by applicable law or court order for a continuous period in excess of 60 days or such other period as may be specified in Section 1110(a)(1)(A) of the Federal Bankruptcy Code (the "Bankruptcy Code") (plus an additional period, if any, resulting from (i) the trustee in such proceeding assuming, or agreeing to perform its obligations under, such Lease with the approval of the

applicable court or such Loan Trustee's consent to an extension of such period, (ii) such Loan Trustee's failure to give any requisite notice, or (iii) Continental's assumption of such Lease with the approval of the relevant court). See "--The Leases--Lease Events of Default." Such remedies may be exercised by the related Loan Trustee to the exclusion of the related Owner Trustee, subject to certain conditions specified in such Indenture, and Continental, subject to the terms of such Lease. Any Aircraft sold in the exercise of such remedies will be free and clear of any rights of those parties, including the rights of Continental under the Lease with respect to such Aircraft; provided that no exercise of any remedies by the related Loan Trustee may affect the rights of Continental under any Lease unless a Lease Event of Default has occurred and is continuing. (Indentures, Section 4.04; Leases, Section 15)

If the Equipment Notes issued in respect of one Aircraft are in default, the Equipment Notes issued in respect of the other Aircraft may not be in default, and, if not, no remedies will be exercisable under the applicable Indentures with respect to such other Aircraft.

Section 1110 of the Bankruptcy Code provides that the right of lessors, conditional vendors and holders of security interests with respect to "equipment" (as defined in Section 1110 of the Bankruptcy Code) to take possession of such equipment in compliance with the provisions of a lease, conditional sale contract or security agreement, as the case may be, is not affected by (a) the automatic stay provision of the Bankruptcy Code, which provision enjoins repossessions by creditors for the duration of the reorganization period, (b) the provision of the Bankruptcy Code allowing the trustee in reorganization to use property of the debtor during the reorganization period, (c) Section 1129 of the Bankruptcy Code (which governs the confirmation of plans of reorganization in Chapter 11 cases) and (d) any power of the bankruptcy court to enjoin a repossession. Section 1110 provides, however, that the right of a lessor, conditional vendor or holder of a security interest to take possession of an aircraft in the event of an event of default may not be exercised for 60 days following the date of commencement of the reorganization proceedings (unless specifically permitted by the bankruptcy court) and may not be exercised at all if, within such 60-day period (or such longer period consented to by the lessor, conditional vendor or holder of a security interest), the trustee in reorganization agrees to perform the debtor's obligations that become due on or after such date and cures all existing defaults (other than defaults resulting solely from the financial condition, bankruptcy, insolvency or reorganization of the debtor). "Equipment" is defined in Section 1110 of the Bankruptcy Code, in part, as "an aircraft, aircraft engine, propeller, appliance, or spare part (as defined in section 40102 of title 49) that is subject to a security interest granted by, leased to, or conditionally sold to a debtor that is a citizen of the United States (as defined in section 40102 of title 49) holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to chapter 447 of title 49 for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo".

The Bankruptcy Reform Act of 1994 amended Section 1110 by, among other things, providing that the lessor under a lease of aircraft first placed in service on or prior to the date of the enactment of that Act will be entitled to the benefits of Section 1110 if the lessor and the lessee have expressed in the applicable agreement or in a substantially contemporaneous writing that the applicable agreement is to be treated as a lease for Federal income tax purposes. Each of the Leases relating to the four Aircraft placed in service prior to the enactment of the Act contains such a written statement.

Cleary, Gottlieb, Steen & Hamilton, counsel to Continental, has advised the Loan Trustees that the right of the Owner Trustee, as lessor under each of the Leases, and the Loan Trustee, as assignee of such Owner Trustee's rights under each of the Leases pursuant to each of the related Indentures, to exercise its right to take possession of the respective Aircraft under each of the Leases is entitled to the benefits of Section 1110 of the Bankruptcy Code with respect to the airframe and engines comprising the related Aircraft. This opinion assumes that Continental is and will be a citizen of the United States holding an air carrier operating certificate issued by the Secretary of Transportation pursuant to chapter 447 of title 49 of the U.S. Code for aircraft capable of carrying 10 or more individuals or 6,000 pounds or more of cargo. For a description of certain limitations on the Loan Trustee's exercise of rights contained in the Indenture, see "--Indenture Defaults, Notice and Waiver".

The opinion of Cleary, Gottlieb, Steen & Hamilton does not address the possible replacement of an Aircraft after an Event of Loss in the future, the consummation of which is conditioned upon the contemporaneous delivery of an opinion of counsel to the effect that the related Loan Trustee's entitlement to Section 1110 benefits should not be diminished as a result of such replacement. See "--The Leases--Events of Loss". The opinion of Cleary, Gottlieb, Steen & Hamilton will also not address the availability of Section 1110 with respect to any possible sublessee of an Aircraft subleased by Continental.

If an Indenture Default under any Indenture occurs and is continuing, any sums held or received by the related Loan Trustee may be applied to reimburse such Loan Trustee for any tax, expense or other loss incurred by it and to pay any other amounts due to such Loan Trustee prior to any payments to holders of the Equipment Notes issued under such Indenture. (Indentures, Section 3.03)

In the event of bankruptcy, insolvency, receivership or like proceedings involving an Owner Participant, it is possible that, notwithstanding that the applicable Aircraft is owned by the related Owner Trustee in trust, such Aircraft and the related Lease and Equipment Notes might become part of such proceeding. In such event, payments under such Lease or on such Equipment Notes might be interrupted and the ability of the related Loan Trustee to exercise its remedies under the related Indenture might be restricted, although such Loan Trustee would retain its status as a secured creditor in respect of the related Lease and the related Aircraft.

MODIFICATION OF INDENTURES AND LEASES

Without the consent of holders of a majority in principal amount of the Equipment Notes outstanding under any Indenture, the provisions of such Indenture and the Lease, the Participation Agreement and the Trust Agreement corresponding thereto may not be amended or modified, except to the extent indicated below.

Certain provisions of any Indenture, and of the Lease (so long as no Indenture Default has occurred and is continuing), the Participation Agreement, and the Trust Agreement related thereto, may be amended or modified by the parties thereto without the consent of any holders of the Equipment Notes outstanding under such Indenture. In the case of each Lease, such provisions include, among others, provisions relating to (i) the return to the related Owner Trustee of the related Aircraft at the end of the term of such Lease and (ii) the renewal of such Lease and the option of Continental at the end of the term of such Lease to purchase the related Aircraft. (Indentures, Section 9.01)

Without the consent of the holder of each Equipment Note outstanding under any Indenture affected thereby, no amendment or modification of such Indenture may among other things (a) reduce the principal amount of, or premium, if any, or interest payable on, any Equipment Notes issued under such Indenture or change the date on which any principal or premium, if any, or interest is due and payable, (b) create any security interest with respect to the property subject to the lien of such Indenture, except as provided in such Indenture, or deprive any holder of an Equipment Note issued under such Indenture of the lien of such Indenture upon the property subject thereto or (c) reduce the percentage in principal amount of outstanding Equipment Notes issued under such Indenture necessary to modify or amend any provision of such Indenture or to waive compliance therewith. (Indentures, Section 9.01(a))

OWNER PARTICIPANT'S RIGHT TO RESTRUCTURE

So long as GE or any of its affiliates is the Owner Participant with respect to the leveraged lease of any Aircraft, subject to certain conditions, such Owner Participant will have the right to restructure such leveraged lease transaction using a "cross-border lease", a tax lease or head-lease/sublease structure and any other type of transaction. In no event, however, shall any such restructuring (i) change the terms and conditions of the rights and obligations of any holder of Equipment Notes under the relevant Operative Agreements or any holder of Certificates or (ii) expose any such holder to any additional risks. As a precondition to any such restructuring,

the Owner Participant will be obligated to deliver to the Loan Trustee an appropriate officer's certificate as to the satisfaction of the foregoing conditions and obtain a written confirmation from the Rating Agencies prior to the implementation of such restructuring to the effect that such restructuring will not adversely affect the ratings of the Certificates.

INDEMNIFICATION

Continental is required to indemnify each Loan Trustee, each Owner Participant and each Owner Trustee for certain losses, claims and other matters. Continental is required under certain circumstances to indemnify each Owner Participant against the loss of depreciation deductions and certain other benefits allowable for certain income tax purposes with respect to the related Aircraft. Each Owner Participant is required to indemnify the related Loan Trustee and the holders of the Equipment Notes issued with respect to the Aircraft in which such Owner Participant has an interest for certain losses that may be suffered as a result of the failure of such Owner Participant to discharge certain liens or claims on or against the assets subject to the lien of the related Indenture.

THE LEASES

Each Aircraft is leased to Continental by the relevant Owner Trustee under the relevant Lease.

Lease Term Rentals

Each Aircraft has been leased separately by the relevant Owner Trustee to Continental for a term commencing on the date on which the Aircraft was acquired by the Owner Trustee and expiring on a date not earlier than the latest maturity date of the relevant Equipment Notes, unless terminated prior to the originally scheduled expiration date as permitted by the applicable Lease. The quarterly basic rent payment under each Lease is payable by Continental on each related Lease Payment Date (as defined below) (or, if such day is not a business day, on the next business day), and has been assigned by the Owner Trustee under the corresponding Indenture to provide the funds necessary to make payments of principal and interest due from the Owner Trustee on the Equipment Notes issued under such Indenture. In certain cases, the quarterly basic rent payments under the Leases may be adjusted, but each lease provides that under no circumstances will rent payments by Continental be less than the scheduled payments on the related Equipment Notes. In addition, the amount of basic rent may be increased in an amount equal to any increase in the amount of interest due on the Equipment Notes on the relevant Lease Payment Date as a result of the resetting of the rate of interest on the Equipment Notes as required by the terms thereof--for example, if certain terms of the Registration Rights Agreement require such a resetting. See "The Exchange Offer--General". Any balance of each such quarterly basic rent payment under each Lease, after payment of amounts due on the Equipment Notes issued under the Indenture corresponding to such Lease, will be paid over to the Owner Trustee. (Leases, Section 3; Indentures, Section 3.01)

"Lease Payment Date" means, with respect to each Lease, January 15, April 15, July 15 or October 15 during the term of such Lease.

Net Lease

Under the terms of each Lease, Continental's obligations in respect of each Aircraft will be those of a lessee under a "net lease". Accordingly, under each Lease Continental is obligated, among other things and at its expense, to keep each Aircraft duly registered and insured, to pay all costs of operating the Aircraft and to maintain, service, repair and overhaul the Aircraft so as to keep it in as good an operating condition as when delivered to Continental, ordinary wear and tear excepted, and in such condition as required to maintain the

airworthiness certificate for the Aircraft in good standing at all times.
(Leases, Sections 7.1 and 8.1 and Annex C)

Possession, Sublease and Transfer

Each Aircraft may be operated by Continental or under lease, sublease or interchange arrangements, subject to certain restrictions. Normal interchange and pooling agreements with respect to any Engine are permitted with U.S. air carriers and foreign air carriers in countries with which the United States maintains normal diplomatic relations and which recognize and give effect to the rights of lessors and mortgagees. Subleases for a term of up to 60 months are also permitted with solvent U.S. air carriers and with certain specified foreign air carriers, so long as they are solvent, subject to a reasonably satisfactory opinion that such country would give effect to the title of the Owner Trustee in and to the Aircraft and would give effect to the priority and validity of the lien of the Indenture, as the case may be, as if such country were a party to the Convention on the International Recognition of Rights in Aircraft (Geneva 1948) (the "Convention"). (Leases, Section 7) It is uncertain to what extent the relevant Loan Trustee's security interest would be recognized in an Aircraft located in a country that is not a party to the Convention, and to what extent such security interest would be recognized in a jurisdiction adhering to the Convention if the Aircraft is registered in a jurisdiction not a party to the Convention. Moreover, in the case of an Event of Default under an Indenture, the ability of the related Loan Trustee to realize upon its security interest in an Aircraft could be adversely affected as a legal or practical matter if such Aircraft were registered or located outside the United States.

Registration

Continental is required to keep each Aircraft duly registered under the Transportation Code with the FAA, except if the relevant Owner Trustee or the relevant Owner Participant fails to meet the applicable citizenship requirements, and to record each Lease and Indenture and certain other documents under the Transportation Code. (Leases, Section 7) Such recordation of the Indenture and other documents with respect to each Aircraft will give the relevant Loan Trustee a first-priority, perfected security interest in such Aircraft whenever it is located in the United States or any of its territories and possessions. The Convention provides that such security interest will also be recognized, with certain limited exceptions, in those jurisdictions that have ratified or adhere to the Convention. (Leases, Section 7.1.1)

So long as no Lease default or Lease Event of Default exists, Continental has the right to register the Aircraft subject to such Lease in a country other than the United States at its own expense in connection with a permitted sublease of the Aircraft to certain specified foreign air carriers, subject to certain conditions set forth in the related Participation Agreement. These conditions include a requirement that the country of registration recognizes the interests of lessors, owner participants and mortgagees and provides substantially equivalent protection to such interests as provided by law in the United States. (Leases, Section 7.1.2; Participation Agreements, Section 8.7.12)

Liens

Continental is required to maintain each Aircraft free of any liens, other than the rights of the relevant Loan Trustee, the holders of the related Equipment Notes, Continental, the Owner Participant and Owner Trustee arising under the applicable Indenture, the Lease or the other operative documents related thereto, and other than certain limited liens permitted under such documents, including (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 and securing obligations that either are not yet delinquent or are being contested in good faith by appropriate proceedings; and (iii) judgment liens so long as such judgment is discharged or vacated within 30 days or the execution of such judgment is stayed pending appeal and discharged, vacated or reversed within 30 days after expiration of such stay; 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 such Aircraft or any interest therein or any discernible risk of criminal liability or any material risk of civil penalty against the relevant Loan Trustee, Owner Trustee or Owner Participant. (Leases, Section 6)

Replacement of Parts; Alterations

Continental is obligated to replace all parts at its expense that may from time to time be incorporated or installed in or attached to any Aircraft and that may become lost, damaged beyond repair, worn out, stolen, seized, confiscated or rendered permanently unfit for use (other than severable parts added at the option of Continental and obsolete or unsuitable parts that Continental is permitted to remove to the extent described below). Continental or any permitted sublessee has the right, at its own expense, to make such alterations, modifications and additions with respect to each Aircraft as it deems desirable in the proper conduct of its business and to remove parts which it deems to be obsolete or no longer suitable or appropriate for use; provided that such alteration, modification, addition or removal does not diminish the value, utility, performance or the remaining useful life of the related Aircraft, Airframe or Engine or adversely affect the commercial use of the Aircraft for passenger service in the United States or invalidate the Aircraft's airworthiness certificate, except that the value of the Aircraft may be reduced by the removal of obsolete or unsuitable parts so long as the aggregate original cost of all such parts removed from any one Aircraft and not replaced shall not exceed \$250,000 for each 757-224 Aircraft and \$200,000 for each 737-524 Aircraft. (Leases, Section 8.1 and Annex C)

Insurance

The Leases require Continental to maintain, at its expense (or at the expense of a permitted sublessee), all-risk aircraft hull insurance covering each Aircraft, at all times in an amount not less than the stipulated loss value of the Aircraft (which exceeds the aggregate outstanding principal amount of the Equipment Notes related to such Aircraft, together with accrued interest thereon), and all-risk property damage insurance covering Engines and parts while removed from an aircraft in an amount not less than the replacement cost of such Engines and parts. All insurance proceeds with respect to a total loss of an Aircraft, Airframe or Engine and all insurance proceeds in excess of \$3,000,000 per occurrence with respect to repairable damage to an Aircraft, Airframe or Engine are payable to the relevant Owner Trustee or to the applicable Loan Trustee, for so long as the relevant Indenture shall be in effect. Insurance proceeds of up to \$3,000,000 per occurrence with respect to repairable damage to an Aircraft, Airframe or engine are payable directly to Continental so long as the Owner Trustee has not notified the insurance underwriters that a Lease default or a Lease Event of Default exists. So long as the loss does not constitute an Event of Loss (as defined below), insurance proceeds will be applied to repair or replace the property. (Leases, Sections 11.1 and 11.5 and Annex D)

In addition, Continental is obligated to maintain comprehensive airline liability insurance at its expense (or at the expense of a permitted sublessee), including, without limitation, third-party and passenger liability and property damage, cargo and products liability and contractual liability insurance with respect to each Aircraft. Such liability insurance shall be of the type usually carried by prudent major United States commercial air carriers and cover the kind of risks against which prudent United States commercial air carriers customarily insure. Such liability insurance shall be underwritten by nationally or internationally recognized insurers of substantial financial capacity used by other major United States commercial air carriers. The amount of such liability insurance coverage per occurrence shall be not less than the amount of comprehensive airline liability insurance from time to time applicable to aircraft owned or leased and operated by Continental of the same type as such Aircraft. Continental (but no permitted sublessee) shall have the right to self-insure to the extent of any applicable minimum amount per aircraft (or, if applicable, per annum or other period) hull or liability insurance deductible imposed by the insurer providing such aircraft hull or liability insurance, which are commensurate

with the standard deductibles in the airline insurance industry available to major U.S. airlines. (Leases, Section 11.1 and Annex D, Section A)

Continental is also required to maintain war-risk, hijacking or allied perils insurance if it (or any permitted sublessee) operates any Aircraft, Airframe or Engine in any area of recognized or threatened hostilities or if Continental (or any permitted sublessee) maintains such insurance with respect to other aircraft on the same routes or areas or if the Aircraft is operated outside the United States or Canada. Continental (but no permitted sublessee) may self-insure to the extent of any hull or liability insurance deductible imposed by the insurer, provided such deductibles are commensurate with standard deductibles in the aircraft insurance industry. (Leases, Annex D, Section H)

In respect of each Aircraft, Continental is required to cause the relevant Loan Trustee, holders of the Equipment Notes, Owner Participant and Owner Trustee, in its individual capacity and as owner of such Aircraft, and certain other parties to be named as additional insured parties under all liability, hull and property and war risk, hijacking and allied perils insurance policies required with respect to such Aircraft. In addition, the insurance policies maintained under the Leases will be required to provide that, in respect of the interests of such additional insured persons, the insurance shall not be invalidated or impaired by any act or omission of Continental or any other person and to insure the respective interests of such additional insured persons, regardless of any breach or violation of any representation, warranty, declaration, term or condition contained in such policies by Continental, any permitted sublessee or any other person. (Leases, Annex D, Section D)

Lease Termination

Unless a Lease default or Lease Event of Default shall have occurred and be continuing, Continental may terminate any Lease on any Lease Payment Date occurring on or after the tenth anniversary of the date on which such Lease commenced and on or before one year prior to the date on which such Lease is scheduled to expire, if it determines that such Aircraft is economically obsolete or surplus to its requirements. Such determination must be made on a nondiscriminatory basis with respect to the Aircraft subject to such Lease and all similar aircraft operated by Continental which could also be terminated. Continental is required to give notice of its intention to exercise its right of termination described in this paragraph at least six months prior to the proposed date of termination (which notice may be withdrawn up to 25 days prior to such proposed date if Continental determines that no bid for the Aircraft of a reasonable amount has been received); provided that Continental may give only three such termination notices. In such a situation, if the Owner Trustee elects (subject to the rights of Continental to purchase the Aircraft as described below) to sell such Aircraft, Continental is required to use best reasonable efforts to sell such Aircraft as an agent for such Owner Trustee. If the Owner Trustee elects to accept any bid, such Owner Trustee shall sell such Aircraft on the date of termination to the highest cash bidder. If such sale occurs, the Equipment Notes related thereto are required to be prepaid. The net proceeds of such sale shall be payable to the applicable Owner Trustee. If the net proceeds to be received from such sale are less than the termination value for such Aircraft (which is set forth in a schedule to each Lease), Continental is required to pay to the applicable Owner Trustee an amount equal to the excess, if any, of the applicable termination value for such Aircraft over such net proceeds. Upon payment of termination value for such Aircraft and an amount equal to the Make-Whole Premium, if any, payable on such date of payment, together with certain additional amounts and together with all accrued and unpaid interest thereon, the lien of the relevant Indenture shall be released, the relevant Lease shall terminate, and the obligation of Continental thereafter to make scheduled rent payments under such Lease shall cease. However, certain payment obligations of Continental shall survive the termination of the Lease. If such Aircraft is not sold by the proposed termination date, such Lease, including all of Continental's obligations thereunder, shall continue in effect, and the Equipment Notes related thereto will not be prepaid. (Leases, Section 9; Indentures, Section 2.10(b))

The Owner Trustee has the option to retain title to the Aircraft if Continental has given a notice of termination under the Lease. In such event, such Owner Trustee shall pay to the applicable Loan Trustee an

amount sufficient to prepay the outstanding Equipment Notes issued with respect to such Aircraft, and Continental shall pay to the Owner Trustee an amount equal to the excess, if any, of the termination value of such Aircraft over the highest bona fide cash bid made for the Aircraft, together with the Make-Whole Premium, if any, on such Equipment Notes and all other amounts due and payable to the Owner Trustee and Owner Participant under such Lease, the related Participation Agreement or any other related operative document. (Leases, Section 9; Indentures, Section 2.10(b))

Events of Loss

If an Event of Loss occurs with respect to the Airframe or the Airframe and Engines of an Aircraft, Continental must elect within 20 days after such occurrence either to make payment with respect to such Event of Loss or to replace such Airframe and any such Engines. Not later than the first business day following the sixty-first day following the date of occurrence of such Event of Loss, or, if earlier, the second business day following the receipt of the insurance proceeds in respect of such Event of Loss, Continental must either (i) pay to the applicable Owner Trustee the stipulated loss value of such Aircraft, together with certain additional amounts, but, in any case, without any Make-Whole Premium or (ii) unless a Lease default or any Lease Event of Default shall have occurred and be continuing, substitute an aircraft (or airframe and one or more engines, as the case may be) for the Aircraft, Airframe or Engine(s) that suffered such Event of Loss. (Leases, Sections 10.1.1 and 10.1.2; Indentures, Section 2.10(a))

If Continental elects to replace an Aircraft (or Airframe or Airframe and one or more Engines, as the case may be) that suffered such Event of Loss, it shall convey to the related Owner Trustee title to an aircraft (or airframe or airframe and one or more engines, as the case may be), and (i) in the case of any replacement airframe, such airframe must be (a) manufactured by Boeing under a certain purchase agreement between The Boeing Company and Continental and (b) delivered under such agreement after the Airframe to be replaced was delivered to Continental, (ii) such replacement airframe or airframe and engines must be the same model as the Airframe or Airframe and Engines to be replaced or an improved model, with performance and durability characteristics and a value, utility and remaining useful life at least equal to, and in at least as good an operating condition as, the Airframe or Airframe and Engines to be replaced (assuming that such Airframe and such Engines were of the value and utility and in the condition and repair required by the terms of such Lease immediately prior to the occurrence of such Event of Loss). Continental is also required to provide to the relevant Owner Trustee, Owner Participant and Loan Trustee (a) a certification as to compliance with the foregoing requirements from a qualified aircraft appraiser, together with a certified report setting forth such appraiser's opinion as to the fair market value of such replacement airframe or engine and (b) reasonably acceptable opinions of counsel to the effect that (i) such Owner Trustee will acquire good title to such replacement airframe and, if applicable, replacement engine, free and clear of all liens (other than permitted liens), (ii) such replacement airframe and, if applicable, engine will be made subject to the applicable Indenture to the same extent as the Airframe and, if applicable, Engine replaced thereby, (iii) such Owner Trustee and Loan Trustee (as assignee of lessor's rights and interests under the Lease) will be entitled to receive the benefits and protections of Section 1110 of the Bankruptcy Code with respect to any such replacement airframe and (to the extent such opinion can be rendered, in view of applicable law) such replacement engine and (iv) such replacement airframe has been duly registered and each supplement to such Lease or Indenture has been duly recorded. (Leases, Sections 10.1.3 and 10.3)

If Continental elects not to replace such Aircraft, then upon payment of the stipulated loss value for such Aircraft, together with all additional amounts then due and unpaid with respect to the Aircraft, which must be at least sufficient to pay in full as of the date of payment thereof the aggregate unpaid principal amount under such Equipment Notes together with accrued but unpaid interest thereon and all other amounts due and owing in respect of such Equipment Notes, the lien of the Indenture and the Lease relating to such Aircraft shall terminate with respect to such Aircraft, the obligation of Continental thereafter to make the scheduled rent payments with respect thereto shall cease and the related Owner Trustee shall transfer all of its right, title and interest in and to

the related Aircraft to Continental. The stipulated loss value and other payments made under the Leases by Continental shall be deposited with the applicable Loan Trustee. Amounts in excess of the amounts due and owing under the Equipment Notes issued with respect to such Aircraft will be distributed by such Loan Trustee to the applicable Owner Trustee. (Leases, Section 10.1.2; Indentures, Sections 2.06 and 3.02)

If the Owner Trustee and the Loan Trustee are not entitled to Section 1110 benefits with respect to any replacement airframe or engine or if certain Lease defaults or any Lease Event of Default has occurred and is continuing, Continental shall not be entitled to replace such Airframe and shall be required instead to pay the stipulated loss value applicable to such Airframe and the related Engines, plus certain additional amounts. (Leases, Section 10.3.2)

If an Event of Loss occurs with respect to an Engine alone, Continental will be required to replace such Engine within 60 days after the occurrence of such Event of Loss with another engine, free and clear of all liens (other than certain permitted liens). Such replacement engine shall be the same make and model as the Engine to be replaced, suitable for installation and use on the Aircraft, and having performance and durability characteristics and a value and utility at least equal to, and in at least as good an operating condition as, the Engine to be replaced (assuming that such Engine was of the value and utility and in the condition and repair required by the terms of the relevant Lease immediately prior to the occurrence of the Event of Loss). (Leases, Section 10.2)

An Event of Loss with respect to an Aircraft, Airframe or any Engine means any of the following events with respect to such property: (i) the destruction of such property, damage to such property beyond practical or economic repair or rendition of such property permanently unfit for normal use; (ii) the actual or constructive total loss of such property or any damage to such property or requisition of title or use of such property which results in an insurance settlement with respect to such property on the basis of a total loss or a constructive or compromised total loss; (iii) any loss of such property or loss of use of such property for a period of 90 days or more as a consequence of any theft, hijacking or disappearance of such property; (iv) any seizure, condemnation, confiscation, taking or requisition of title to such property by any governmental entity or purported non-U.S. governmental entity; (v) any seizure, condemnation, confiscation, taking or requisition of use of such property that continues until the earliest to occur of (A) the last day of the Lease term, (B) the date on which the Aircraft is modified in such a manner as would render conversion of such property for use in normal commercial passenger service impractical or uneconomical, (C) the date on which such property is operated or located in any area excluded from coverage by any insurance policy required to be maintained by such Lease (unless an indemnity from the U.S. Government is obtained in lieu of such insurance), and (D) the date that is 90 days following the commencement of such loss of use (unless such loss of use results from action by the U.S. Government); or (vi) as a result of any law, rule, regulation, order or other action by the FAA or any governmental entity, the use of such property in the normal course of Continental's business of passenger air transportation is prohibited for 180 days (or 360 days, if Continental diligently implements all steps which are necessary or desirable to permit the normal use of such property by it) or for a period expiring on the last day of the Lease term, whichever is earlier. (Leases, Annex A)

Purchase Options under the Leases

So long as no Lease default or Lease Event of Default has occurred and is continuing, Continental will have the option to purchase any Aircraft subject to a Lease on the last business day of the original Lease or on the last business day of either of the two, in the case of the 757-224 Aircraft, or four, in the case of the 737-524 Aircraft, one-year renewal terms at a purchase price equal to the fair market sales value of such Aircraft. The fair market sales value of such Aircraft shall be determined not more than 170 days nor less than 150 days prior to the date of purchase by mutual agreement of Continental and the Owner Trustee or, if they are unable to agree, by an appraisal. Continental may exercise its purchase option by delivering an irrevocable notice to the Owner Trustee not more than 180 days nor less than 120 days prior to the proposed date of purchase. The Owner

Trustee shall not be under any obligation to sell the Aircraft to Continental if the fair market sales value of the Aircraft is determined to be less than a certain minimum residual value amount. Upon receipt by the Owner Trustee of payment of the applicable fair market sales value of the Aircraft and all other amounts due and payable by Continental under the relevant Lease, Participation Agreement and any other related operative document, the Owner Trustee shall transfer title to the Aircraft to Continental, provided that all related Equipment Notes have previously been paid in full. (Leases, Section 17.3; Indentures, Section 10.01)

The holder of the Equipment Notes issued under an Indenture shall not have any right to amounts payable by Continental in connection with its exercise of purchase options for the related Aircraft to the extent that all amounts payable by the relevant Owner Trustee to such holder under such Equipment Notes, such Indenture and related operative agreements have been paid in full.

Lease Events of Default

Lease Events of Default under each Lease include, among other things, (i) failure by Continental to make any payment of basic rent, renewal rent, stipulated loss value or termination value under such Lease within five business days after the same shall have become due, or failure by Continental to pay any other amount due under such Lease or under any other related operative document within five business days from and after the date of any written demand therefor from the owner trustee; (ii) failure by Continental to make any excluded payment within five business days after written notice that such failure constitutes a Lease Event of Default is given by the relevant Owner Participant to Continental and the relevant Loan Trustee; (iii) failure by Continental to carry and maintain insurance on and in respect of the Aircraft, Airframe and Engines subject to such Lease, in accordance with the provisions of such Lease or the operation of the Aircraft, Airframe or Engines subject to such Lease at any time when such insurance is not in effect; (iv) failure by Continental to maintain its corporate existence except as permitted by the Lease, or the winding up, liquidation or dissolution of Continental; (v) failure to maintain the registration of the Aircraft with the FAA or with a permitted foreign registry, failure to record the Indenture or maintain the Indenture of record as a first-priority, perfected mortgage (subject to permitted liens) or operation of the Aircraft in any area excluded by insurance coverage required by such Lease or in any recognized or threatened area of hostilities unless fully covered by war-risk insurance, as required by Section 11 of such Lease (subject to certain exceptions); (vi) breach of the covenants in such Lease pertaining to possession, interchange and pooling of Engines and subleasing; (vii) breach of certain prohibitions against attempted assignments by Continental of its obligations under such Lease and against the merger of Continental with any other person, except as expressly permitted by such Lease; and (viii) failure by Continental to perform or observe any other covenant or agreement to be performed or observed by it under such Lease or the related Participation Agreement or any other related operative document (other than (a) the agreement by Continental to treat the Lease as a lease for U.S. Federal income tax purposes and (b) nonpayment provisions under the related tax indemnity agreement between Continental and the Owner Participant), and such failure shall continue unremedied for a period of 30 days (or such other shorter applicable period) after written notice of such failure by the applicable Owner Trustee or Loan Trustee; (ix) (a) any representation or warranty made by Continental in such Lease or the related Participation Agreement or in any other related operative document (other than in the related tax indemnity agreement between Continental and the Owner Participant) shall prove to have been untrue, inaccurate or misleading in any material respect at the time made, (b) such representation or warranty is material at the time in question and (c) the same shall remain uncured for more than 30 days after the date of written notice thereof to Continental; (x) the occurrence of certain voluntary events of bankruptcy, reorganization or insolvency of Continental or the occurrence of involuntary events of bankruptcy, reorganization or insolvency which shall continue undismissed or unstayed for a period of 60 days; and (xi) a Lease Event of Default under any other Lease. (Leases, Section 14)

Remedies Exercisable upon Lease Events of Default

If a Lease Event of Default has occurred and is continuing, the applicable Owner Trustee may (or, so long as the Indenture shall be in effect, the applicable Loan Trustee may, subject to the terms of the Indenture) exercise one or more of the remedies provided in such Lease with respect to the related Aircraft. These remedies include the right to repossess and use or operate such Aircraft, to rescind or terminate such Lease, to sell or re-lease such Aircraft free and clear of Continental's rights, except as set forth in the Lease, and retain the proceeds, and to require Continental to pay, as liquidated damages any due and unpaid basic rent or renewal rent plus an amount equal to the excess of the termination value for such Aircraft (specified in schedules to such Lease) over, at such Owner Trustee's (or, subject to the terms of the relevant Indenture, the Loan Trustee's) option, any of (i) the discounted fair market rental value of such Aircraft for the remainder of the term of the Lease relating to such Aircraft (using a discount rate equal to 10 per cent per annum), (ii) the fair market sales value of such Aircraft or (iii) if such Aircraft has been sold, the net sales proceeds from the sale of such Aircraft (unless such Aircraft is sold at a private sale to the Owner Trustee, Loan Trustee, Owner Participant or any of their affiliates, in which case the fair market sales value shall be used). (Leases, Section 15; Indenture, Section 4.04). If the Loan Trustee has validly terminated such Lease, the Loan Trustee may not sell or lease or otherwise afford the use of such Aircraft to Continental or any of its affiliates. (Indentures, Sections 4.03 and 4.04)

Notwithstanding that an Event of Default under an Indenture has occurred and is continuing, so long as the Equipment Notes thereunder have not been accelerated or the Loan Trustee has not taken action or notified the Owner Trustee that it intends to take action to foreclose the lien of such Indenture or otherwise commence the exercise of any significant remedy under such Indenture or the related Lease, the Loan Trustee may not, without the consent of the Owner Trustee, enter into any amendment, modification, waiver or consent in respect of any of the provisions of the related Lease, which consent shall not be unreasonably withheld if no right or interest of the relevant Owner Trustee or Owner Participant would be diminished or impaired thereby. (Indentures, Section 5.02)

Transfer of Owner Participant Interests

Subject to certain restrictions, each Owner Participant may transfer all or any part of, or grant participations in, its interest in the related Aircraft. (Participation Agreements, Section 12.1.1)

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

EXCHANGE OF OLD CERTIFICATES FOR NEW CERTIFICATES

The following summary describes the principal U.S. federal income tax consequences to Certificateholders of the exchange of the Old Certificates for New Certificates. This summary is intended to address the beneficial owners of Certificates that are citizens or residents of the United States, corporations, partnerships or other entities created or organized in or under the laws of the United States or any State, or estates or trusts the income of which is subject to U.S. federal income taxation regardless of its source that will hold the Certificates as capital assets.

The exchange of Old Certificates for New Certificates (the "Exchange") pursuant to the Exchange Offer will not be a taxable event for U.S. federal income tax purposes. As a result, a holder of an Old Certificate whose Old Certificate is accepted in an Exchange Offer will not recognize gain on the Exchange. A tendering holder's tax basis in the New Certificates will be the same as such holder's tax basis in its Old Certificates. A tendering holder's holding period for the New Certificates received pursuant to the Exchange Offer will include its holding period for the Old Certificates surrendered therefor.

ALL HOLDERS OF OLD CERTIFICATES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS REGARDING THE UNITED STATES FEDERAL, STATE AND LOCAL TAX CONSEQUENCES OF THE EXCHANGE OF OLD CERTIFICATES FOR NEW CERTIFICATES AND OF THE OWNERSHIP AND DISPOSITION OF NEW CERTIFICATES RECEIVED IN THE EXCHANGE OFFER IN LIGHT OF THEIR OWN PARTICULAR CIRCUMSTANCES.

ERISA CONSIDERATIONS

IN GENERAL

ERISA imposes certain requirements on employee benefit plans subject to ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, "Plans")) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Department of Labor has promulgated a regulation, 29 CFR Section 2510.3-101 (the "Plan Asset Regulation"), describing what constitutes the assets of a Plan with respect to the Plan's investment in an entity for purposes of ERISA and Section 4975 of the Code. Under the Plan Asset Regulation, if a Plan invests in a Certificate, the Plan's assets would include both the Certificate and an undivided interest in each of the underlying assets of the corresponding Trust, including the Equipment Notes held by such Trust, unless it is established that equity participation in the Trust by employee benefit plans (including Plans and entities whose underlying assets include plan assets by reason of an employee benefit plan's investment in the entity) is not "significant" within the meaning of the Plan Asset Regulation. In that regard, the extent to which there is equity participation in a particular Trust on the part of employee benefit plans is not being monitored. If the assets of a

Trust were deemed to constitute the assets of a Plan, transactions involving the assets of such Trust could be subject to the prohibited transaction provisions of ERISA and Section 4975 of the Code unless a statutory or administrative exemption were applicable to the transaction.

The fiduciary of a Plan that holds any Old Certificate or proposes to exchange such Old Certificate and hold any New Certificates should consider whether such holding or exchange may involve the indirect extension of credit to a party in interest or a disqualified person. In addition, whether or not the assets of a Trust are deemed to be Plan assets under the Plan Asset Regulation, if Certificates are held by a Plan and Certificates of a subordinate Class are held by a party in interest or a disqualified person with respect to such Plan, the exercise by the holder of the subordinate Class of Certificates of its right to purchase the senior Classes of Certificates upon the occurrence and during the continuation of a Triggering Event could be considered to constitute a prohibited transaction unless a statutory or administrative exemption were applicable. Depending on the identity of the Plan fiduciary making the decision to hold Certificates on behalf of a Plan, PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a "qualified professional asset manager"), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house professional asset manager) or PTCE 90-1 (relating to investments by insurance company pooled separate accounts) (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. There can be no assurance that any of the Class Exemptions or any other exemption will be available with respect to any particular transaction involving the Certificates.

Governmental plans and certain church plans, while not subject to the fiduciary responsibility provisions of ERISA or the provisions of Section 4975 of the Code, may nevertheless be subject to state or other federal laws that are substantially similar to the foregoing provisions of ERISA and the Code. Fiduciaries of any such plans should consult with their counsel before exchanging or holding any Certificates.

Any Plan fiduciary which proposes to cause a Plan to hold or exchange any Certificates should consult with its counsel regarding the applicability of the fiduciary responsibility and prohibited transaction provisions of ERISA and Section 4975 of the Code to such an investment, and to confirm that such holding or exchange will not constitute or result in a non-exempt prohibited transaction or any other violation of an applicable requirement of ERISA.

CLASS A CERTIFICATES

In addition to the Class Exemptions referred to above, an individual exemption may apply to the holding of Class A Certificates and the exchange of Old Certificates that are Class A Certificates for New Certificates that are Class A Certificates by Plans, provided that certain specified conditions are met. In particular, the Department of Labor has issued individual administrative exemptions to certain of the Initial Purchasers which are substantially the same as the administrative exemption issued to The First Boston Corporation, Prohibited Transaction Exemption 89-90 (54 Fed. Reg. 42597, October 17, 1989), as amended (the "Underwriter Exemption"), which generally exempts from the application of certain, but not all, of the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code certain transactions relating to the initial purchase, holding and subsequent secondary market sale of pass-through certificates which represent an interest in a trust, the assets of which include equipment notes secured by leases, provided that certain conditions set forth in the Underwriter Exemption are satisfied.

The Underwriter Exemption sets a number of general and specific conditions which must be satisfied for a transaction involving the initial purchase, holding or secondary market sale of Class A Certificates to be eligible for exemptive relief thereunder. In particular, the acquisition of Class A Certificates by a Plan must be on terms that are at least as favorable to the Plan as they would be in an arm's-length transaction with an unrelated party; the rights and interests evidenced by the Certificates must not be subordinated to the rights and

interests evidenced by other Certificates of the same trust estate; the Certificates at the time of acquisition by the Plan must be rated in one of the three highest generic rating categories by Moody's Investors Service, Inc., Standard & Poor's Ratings Group, Duff & Phelps Inc. or Fitch Investors Service, Inc. (although not entirely clear, it would appear that the exchange of an Old Certificate for a New Certificate should not constitute an "acquisition" of the New Certificate for this purpose); and the investing Plan must be an accredited investor as defined in Rule 501(a)(1) of Regulation D of the Commission under the Securities Act.

The Underwriter Exemption does not apply to the Class B Certificates, the Class C Certificates and the Class D Certificates. Even if all of the conditions of the Underwriter Exemption are satisfied with respect to the Class A Certificates, no assurance can be given that the Underwriter Exemption would apply with respect to all transactions involving the Class A Certificates or the assets of the Class A Trust. In particular, it appears that the Underwriter Exemption would not apply to the purchase by Class B Certificateholders, Class C Certificateholders or Class D Certificateholders of Class A Certificates in connection with the exercise of their rights upon the occurrence and during the continuance of a Triggering Event. Therefore, the fiduciary of a Plan considering the continued holding of a Class A Certificate or the exchange of Old Certificates for New Certificates should consider the availability of the exemptive relief provided by the Underwriter Exemption, as well as the availability of any other exemptions with respect to transactions to which the Underwriter Exemption may not apply.

CLASS B CERTIFICATES, CLASS C CERTIFICATES AND CLASS D CERTIFICATES

The Class B Certificates, Class C Certificates Class D Certificates may not be acquired by any Plan or by any entity that is using the assets of any Plan to purchase or hold its interest in a Class B Certificate, Class C Certificate or Class D Certificate (a "Plan Transferee"), except that such Certificates may be acquired with the assets of an insurance company general account that may be deemed to constitute Plan assets if the conditions of PTCE 95-60 have been satisfied. Any insurance company that uses general account assets to hold Class B Certificates, Class C Certificates or Class D Certificates that tenders such Old Certificates in exchange for New Certificates will be required to represent that PTCE 95-60 applies to its tender and the holding of such Class B Certificates, Class C Certificates or Class D Certificates.

PLAN OF DISTRIBUTION

Each broker-dealer that receives New Certificates for its own account pursuant to the Exchange Offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Certificates. This Prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Certificates received in exchange for Old Certificates where such Old Certificates were acquired as a result of market-making activities or other trading activities. The Company has agreed that, starting on the Expiration Date and ending on the close of business 180 days after the Expiration Date, it will make this Prospectus, as amended or supplemented, available to any broker-dealer for use in connection with any such resale. In addition, until such date all broker-dealers effecting transactions in the New Certificates may be required to deliver a prospectus.

The Company will not receive any proceeds from any sale of New Certificates by broker-dealers. New Certificates received by broker-dealers for their own account pursuant to the Exchange Offer may be sold from time to time in on or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the New Certificates or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to purchasers or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such New Certificates. Any broker-dealer that resells New Certificates that were received by it for its own account pursuant to the Exchange Offer and any broker or dealer that participates in a distribution of such New

Certificates may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit of any such resale of New Certificates and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The Letter of Transmittal states that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the Expiration Date, the Company will promptly send additional copies of this Prospectus and any amendment or supplement to this Prospectus to any broker-dealer that requests such documents in the Letter of Transmittal. The Company has agreed to pay all expenses incident to the Exchange Offer (including the expenses of one counsel for the Holders of the Notes) other than commissions or concessions of any brokers or dealers and will indemnify the Holders of the New Certificates (including any broker-dealers) against certain liabilities, including liabilities under the Securities Act.

LEGAL MATTERS

The validity of the New Certificates and certain United States Federal income tax matters with respect to Section 382 are being passed upon for Continental by Cleary, Gottlieb, Steen & Hamilton, New York, New York.

EXPERTS

The consolidated financial statements (including schedules) of Continental Airlines, Inc. appearing in Continental Airlines, Inc.'s Annual Report (Form 10-K) as of December 31, 1995 and 1994, and for the two years ended December 31, 1995 and the period April 28, 1993 through December 31, 1993 and the consolidated statements of operations, redeemable and non-redeemable preferred stock and common stockholders' equity and cash flows of Continental Airlines Holdings, Inc. for the period January 1, 1993 through April 27, 1993, incorporated by reference in this Prospectus have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon included therein and incorporated herein by reference, in reliance upon such reports given upon the authority of such firm as experts in accounting and auditing.

No person has been authorized to give any information or to make any representations other than those contained or incorporated by reference in this Prospectus and the accompanying Letter of Transmittal and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Exchange Agent. Neither this Prospectus nor the accompanying Letter of Transmittal, or both together, constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this Prospectus, nor the accompanying Letter of Transmittal, or both together, nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct at any time subsequent to the date hereof or thereof.

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Continental Airlines, Inc.

Offer to Exchange
Pass Through Certificates, Series 1996,

which have been registered under the
Securities Act of 1933, as amended,

for any and all outstanding
Pass Through Certificates, Series 1996

PROSPECTUS

July 29, 1996