

CONTINENTAL AIRLINES INC /DE/
Form FWP
December 12, 2012

2012-3 C EETC Investor
Presentation
Continental Airlines, Inc.
December 12, 2012
Issuer Free Writing Prospectus
Filed pursuant to Rule 433(d)
Registration No. 333-181014-01
December 12, 2012

2

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter, or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling Credit Suisse toll-free at 1-800-221-1037, Morgan Stanley toll-free at 1-866-718-1649 or Goldman, Sachs & Co. toll-free at 1-866-471-2526.

Continental Airlines 2012-3 C EETC

- Continental Airlines, Inc. (“Continental”) is offering \$425,000,000 of Class C Pass Through Certificates, Series 2012-3:
 - Class C Certificates will rank junior to the previously issued Series 2012-1 and Series 2012-2 Certificates
 - Series C Equipment Notes relating to each of the 42 aircraft financed under the Series 2012-1 and Series 2012-2 Certificates are expected to be issued by Continental and acquired by the Class C trust with proceeds from this offering
 - 20 aircraft under Series 2012-1 have been previously delivered / financed; 1 remaining aircraft under Series 2012-1 is expected to be delivered / financed in December 2012
 - 3 aircraft under Series 2012-2 have been previously delivered / financed; 18 aircraft under Series 2012-2 are expected to be delivered / financed from December 2012 to September 2013
 - Series C Equipment Notes will be secured by liens on 35 Boeing 737-900ER and 7 Boeing 787-8 aircraft
 - Lead Bookrunners: Credit Suisse, Morgan Stanley and Goldman, Sachs & Co.
-

4

CAL 2012-3 C EETC Structural Summary

Principal Amount

Expected Ratings (M/S/F)

Initial / Highest LTV(1)

Interest Rate

Initial Average Life (in years)

Regular Distribution Dates

Principal Distribution Window (in years)

Final Expected Distribution Date

Final Maturity Date

Section 1110 Protection

Liquidity Facility

Depository(2)

Class C

\$425,000,000

B1 / B+ / BB-

82.0%

Fixed, semi-annual, 30/360 day count

5.3

April 29 and October 29

5.3

April 29, 2018

April 29, 2018

Yes

No

The funds raised for purposes of future delivery aircraft will be held in escrow with the Depository and withdrawn from time to time to purchase the additional Equipment Notes as the aircraft are financed

Notes:

1. Initial LTV is calculated as of October 29, 2013, the first Regular Distribution Date after all aircraft are expected to have been financed as (i) the expected outstanding balance of the senior Certificates under Series 2012-1 and Series 2012-2, and the Class C Certificates, over (ii) the sum of the assumed aggregate aircraft values under Series 2012-1 and Series 2012-2, as of the referenced Regular Distribution Date. LTVs for Series 2012-1 reflect aircraft appraisals updated as of November or December 2012; LTVs for Series 2012-2 are based on appraisals prepared in September 2012 for the purposes of the Series 2012-2 offering
2. Series C Equipment Notes for the aircraft covered by Series 2012-1 will not be issued until after the remaining 2012-1 aircraft has been financed or the period for such financing has ended

Key Structural Elements

- Classes Offered: One tranche of non-amortizing debt offered
 - Waterfall: With respect to each Prior Series, Series 2012-1 and Series 2012-2, interest on Preferred Pool Balance on Class C is paid ahead of principal for senior tranches
 - Series C Equipment Notes issued with respect to the 2012-1 Prior Series will be subject to the Series 2012-1 waterfall both before and after an event of default
 - Series C Equipment Notes issued with respect to the 2012-2 Prior Series will be subject to the Series 2012-2 waterfall both before and after an event of default
 - Buyout Rights: After a Certificate Buyout Event with respect to a Prior Series, the Class C Certificateholders will have the right to purchase all, but not less than all, of the then outstanding more senior classes of Certificates issued under such Prior Series at par plus accrued and unpaid interest
 - No buyout right during the 60-day Section 1110 Period unless Continental has abandoned any aircraft under such Prior Series prior to the expiry of the 60-day period and no buyout right after such 60-day period if Continental enters into a Section 1110(a) agreement and continues to perform
 - No Equipment Note buyout rights
-

Key Structural Elements

- Cross-Collateralization: The Series C Equipment Notes will be cross-collateralized by all 42 aircraft
 - Proceeds from the exercise of remedies with respect to an aircraft that secures any Series C Equipment Note will be available to cover shortfalls then due under Series C Equipment Notes issued with respect to the other aircraft financed under the same Prior Series, subject to the Intercreditor Agreement of such Prior Series. Following the payment in full of all Equipment Notes of a Prior Series, excess proceeds will be held as collateral for the Series C Equipment Notes issued under the other Prior Series
 - Excess proceeds used to pay Series C Equipment Notes of another Prior Series will not be subject to the Intercreditor Agreement of such other Prior Series
 - Cross-Default: All indentures of a Prior Series will include cross-default provisions to other indentures of the same Prior Series. There will not be cross-default provisions between indentures covered by different Prior Series, except it will constitute a default under the indentures of a Prior Series if (i) the Series A and Series B Equipment Notes of such Prior Series have been paid in full and (ii) a default has occurred and is continuing under the indentures of the other Prior Series
-

Cash Flow Structure

- (1) The Equipment Notes with respect to each Aircraft will be issued under a separate Indenture.
 - (2) Advances by Liquidity Providers will not cover any amounts distributable with respect to the Class C Certificates
 - (3) Distributions to the Class C Trustee with respect to each Prior Series from payments on Equipment Notes will be subject to the priority of distributions to the Liquidity Providers and the Class A and Class B Trustees of such Prior Series, to the extent provided in the Intercreditor Agreement applicable to such Prior Series.
-

8

Collateral Summary - Previously Delivered

Notes:

1. Appraised value is the lesser of the average and median Base Values of each aircraft as appraised by AISI, BK Associates and Morten Beyer & Agnew. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. The sum of the values for each aircraft shown may not match the totals shown due to rounding
 2. The values of each aircraft financed under 2012-1 reflect updated appraisals as of November or December 2012. Values for 2012-2 aircraft are per appraisals as of September 2012 included in the Continental Airlines Prospectus Supplement dated September 19, 2012. Appraised values of delivered aircraft are maintenance adjusted if applicable as determined independently by each appraiser
-

Collateral Summary - Future Deliveries

Notes:

1. Appraised value is the lesser of the average and median Base Values of each aircraft as appraised by AISI, BK Associates and Morten Beyer & Agnew. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. The sum of the values for each aircraft shown may not match the totals shown due to rounding
 2. The values of each aircraft financed under 2012-1 reflect updated appraisals as of November or December 2012. Values for 2012-2 aircraft are per appraisals as of September 2012 included in the Continental Airlines Prospectus Supplement dated September 19, 2012.
 3. Continental may choose to finance a 787-8 aircraft scheduled for delivery in September 2013 in lieu of one of the listed 787-8 aircraft. The debt amount for the substitute aircraft will be the same as for the replaced aircraft
-

Collateral Pool
CAL 2012-2 Collateral Mix
Distribution of Appraised Value
Vintage: 0%
New: 100%
B737-900ER
\$947MM
B787-8
\$376MM
Widebodies: 28.4%
Narrowbodies: 71.6%
Total
\$1,323MM

CAL 2012-1 Collateral Mix
Distribution of Appraised Value
Vintage: 9.6%
New: 90.4%
Widebodies: 36.8%
Narrowbodies: 63.2%
New \$1,222MM
Vintage
\$129MM
B737-900ER
\$854MM
B787-8
\$497MM

- The collateral pool benefits from diversification of two strategically core aircraft types
-

11

Aircraft Appraisals

- Continental has obtained Base Value Desktop Appraisals from three appraisers (AISI, BK Associates and Morten Beyer & Agnew)
- The values of each aircraft financed under 2012-1 reflect updated appraisals as of November or December 2012
- The values for the 2012-2 aircraft are per appraisals as of September 2012 included in the Continental Airlines Prospectus Supplement dated September 19, 2012
- Aggregate aircraft appraised value of \$2,674 million(1)
 - Appraisals available in the Preliminary Prospectus Supplement
- Appraisals indicate an initial collateral cushion of 18.6% and 17.4% on the Class C for the 2012-1 and 2012-2 equipment notes respectively(2)

Notes:

1. Appraised value is the lesser of the average and median Base Values of each aircraft as appraised by AISI, BK Associates and Morten Beyer & Agnew. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value
 2. Initial LTV is calculated as of October 29, 2013, the first Regular Distribution Date after all aircraft are expected to have been financed
-

12

Collateral Overview

Boeing 737-900ER

- Overview: The 737-900ER is the largest variant of the world's all-time best selling 737NG family of narrowbody commercial aircraft
 - Strengths(1):
 - Very similar build and configuration to the 737-800, but longer fuselage accommodates 13 additional passengers with transcontinental capability in Continental's standard two-class configuration
 - Introduced in 2007, the 737-900ER is the newest member of the 737NG family with up to 138 commercial aircraft in service and 407 on order
 - Lowest operating unit cost per seat among in-production narrowbodies
 - Importance to Continental:
 - Allows Continental to increase available capacity in higher demand domestic markets with a marginal increase in incremental trip cost
 - Continental also views the aircraft as an attractive alternative for domestic 757-200 aircraft
 - 1. Sources: The Boeing Company, Morten Beyer & Agnew, Continental Airlines
-

13
(38)
(14)
(140)
(10)
(3)
(2)
(7)
(6)
(15)
(100)
(6)
(47)
(64)
(2)
(6)
(4)
(4)
(8)

138 deliveries to 9 customers

Notes:

1. Net orders are defined as gross orders minus cancellations by customers inclusive of aircraft deliveries, through October 31, 2012. Deliveries are through October 31, 2012

Net orders from customers

(1)

Source:

The Boeing Company

14

Collateral Overview

Boeing 787-8 “Dreamliner”

- Overview: New generation long range aircraft with size similar to current 767s in fleet - 219 passengers in Continental’s standard two-class configuration (36 business / 183 premium and regular economy)
 - Strengths(1):
 - Over 44 airlines and leasing companies have ordered 523 aircraft as of October 31, 2012
 - Intercontinental range to serve destinations not accessible with 767 aircraft (e.g. Denver to Narita)
 - Superior economic performance anticipated
 - o Up to 20% lower fuel consumption than equivalent sized aircraft
 - o 15-25% lower operating costs
 - o Up to 30% lower airframe maintenance costs and longer intervals between maintenance checks
 - o 20% weight savings due to an airframe comprised of nearly 50% carbon fiber
 - Importance to Continental:
 - Provides Continental with a cost efficient, long range, medium density route aircraft
 - An attractive replacement on 767 routes and certain 777 markets
 - 1. Sources: The Boeing Company, Morten Beyer & Agnew, Continental Airlines

15
B787
8 and
9

-
-

Source:

The Boeing Company
Note: As of October 31, 2012

523 B787

-

8

Boeing 787-8/9 Market
55 Customers for 838 Firm Orders

315 B787

-

9
