

CONTINENTAL AIRLINES INC /DE/

Form 424B2

September 16, 2005

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**Filed Pursuant to Rule 424(b)(2)**  
**Registration No. 333-67886**

**PROSPECTUS SUPPLEMENT**  
**(To Prospectus Dated August 23, 2001)**

**\$311,010,000**  
**2005-ERJ1 Pass Through Trust**  
**Pass Through Certificates, Series 2005-ERJ1**

The Continental Airlines Class A Pass Through Certificates, Series 2005-ERJ1, are being offered under this prospectus supplement. The certificates represent interests in a trust to be established in connection with this offering.

The trust will use the proceeds from the sale of certificates to acquire equipment notes. The equipment notes will be issued on a nonrecourse basis by the trustees of separate owner trusts in connection with separate leveraged lease transactions to finance a portion of the purchase price of 29 Embraer EMB-145XR aircraft, of which 21 have previously been delivered to Continental during 2004 and 2005 and eight are scheduled for delivery through February 2006. The aircraft will be leased to Continental. Rental payments under the leases will be used to make payments on the equipment notes. Payments on the equipment notes held in the trust will be passed through to the holders of the certificates.

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

The equipment notes issued for each aircraft will have a security interest in such aircraft. Interest on the equipment notes will be payable monthly on the first day of each month after issuance, beginning on October 1, 2005. Principal payments on the equipment notes are scheduled on the first day of each month, beginning on or after October 1, 2005.

Landesbank Baden-Württemberg will provide a liquidity facility for the certificates in an amount sufficient to make 18 monthly interest payments (except under certain specified circumstances).

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

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

<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Final Expected Distribution Date</b>	<b>Price to Public(1)</b>
\$311,010,000	9.798%	April 1, 2021	100%

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

The underwriter will purchase all of the certificates if any are purchased. The aggregate proceeds from the sale of the certificates will be \$311,010,000. Embraer will pay the underwriter compensation totaling \$2,021,565.00, representing underwriting commission as well as certain structuring fees. Delivery of the certificates in book-entry form only will be made on or about September 22, 2005.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

**Citigroup**

September 14, 2005

**Table of Contents****PRESENTATION OF INFORMATION**

These offering materials consist of two documents: (a) this Prospectus Supplement, which describes the terms of the certificates that we are currently offering, and (b) the accompanying Prospectus, which provides general information about our pass through certificates, some of which may not apply to the certificates that we are currently offering. The information in this Prospectus Supplement replaces any inconsistent information included in the accompanying Prospectus.

We have given certain capitalized terms specific meanings for purposes of this Prospectus Supplement. The Index of Terms attached as Appendix I to this Prospectus Supplement lists the page in this Prospectus Supplement on which we have defined each such term.

At various places in this Prospectus Supplement and the Prospectus, we refer you to other sections of such documents for additional information by indicating the caption heading of such other sections. The page on which each principal caption included in this Prospectus Supplement and the Prospectus can be found is listed in the Table of Contents below. All such cross references in this Prospectus Supplement are to captions contained in this Prospectus Supplement and not in the Prospectus, unless otherwise stated.

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**You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may be accurate only on the date of this document.**

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

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

**Summary of Terms of Certificates**

	<b>Class A Certificates</b>
Aggregate Face Amount	\$311,010,000
Ratings:	
Moody's	Ba2
Standard & Poor's	BBB-
Initial Loan to Aircraft Value (cumulative)(1)	51.4%
Expected Highest Loan to Aircraft Value (cumulative)(2)	51.4%
Initial Average Life (in years from Issuance Date)	9.1
Regular Distribution Dates	The first day of each month
Final Expected Regular Distribution Date	April 1, 2021
Final Maturity Date	October 1, 2022
Minimum Denomination	\$1,000
Section 1110 Protection	Yes
Liquidity Facility Coverage	18 monthly interest payments

(1) This percentage is determined as of March 1, 2006, the first Regular Distribution Date after all Aircraft are scheduled to have been delivered. In calculating this percentage, we have assumed that all Aircraft are financed under this offering prior to such date, that the maximum principal amount of Equipment Notes is issued and that the aggregate appraised value of the Aircraft is \$593,241,506 as of such date. The appraised value is only an estimate and reflects certain assumptions. See *Description of the Aircraft and the Appraisals* [The Appraisals](#) .

(2) See [Loan to Aircraft Value Ratios](#) .



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

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

<b>Expected Registration Number</b>	<b>Manufacturer s Serial Number</b>	<b>Scheduled Delivery Month(1)</b>	<b>Maximum Principal Amount of Equipment Notes(2)</b>	<b>Appraised Value(3)</b>
N14171	14500859	October 2004	\$10,037,481	\$20,195,376
N12172	14500864	October 2004	9,994,443	20,195,376
N14173	14500872	November 2004	10,164,449	20,238,200
N14174	14500876	December 2004	10,271,406	20,284,312
N12175	14500878	December 2004	10,225,962	20,284,312
N11176	14500881	January 2005	10,532,173	20,457,137
N14177	14500888	February 2005	10,485,908	20,503,248
N16178	14500889	February 2005	10,485,908	20,503,248
N14179	14500896	March 2005	10,775,405	20,546,073
N14180	14500900	March 2005	10,925,153	20,546,073
N11181	14500904	April 2005	10,880,450	20,692,185
N33182	14500909	April 2005	10,750,417	20,692,185
N16183	14500914	May 2005	10,725,962	20,730,000
N11184	14500917	May 2005	10,692,171	20,730,000
N17185	14500922	June 2005	10,795,225	20,750,000
N14186	14500924	June 2005	10,670,184	20,750,000
N11187	14500927	July 2005	10,771,685	20,770,000
N14188	14500929	July 2005	10,855,667	20,770,000
N11189	14500931	August 2005	11,060,953	20,790,000
N27190	14500934	August 2005	10,896,010	20,790,000
N11191	14500935	September 2005	10,953,234	20,800,000
N11192	14500936	October 2005	11,172,581	20,820,000
N11193	14500938	October 2005	11,172,581	20,820,000
N11194	14500940	November 2005	11,172,581	20,830,000
N12195	14500943	December 2005	11,172,581	20,840,000
N17196	14500945	December 2005	11,172,581	20,840,000
N21197	14500947	January 2006	11,172,581	20,850,000
N14198	14500951	February 2006	11,172,581	20,860,000
N11199	14500953	February 2006	11,172,581	20,860,000

- (1) The Aircraft with manufacturer s serial numbers 14500859, 14500864, 14500872, 14500876, 14500878, 14500881, 14500888, 14500889, 14500896, 14500900, 14500904, 14500909, 14500914, 14500917, 14500922, 14500924, 14500927, 14500929, 14500931, 14500934 and 14500935 were delivered and leased to Continental during 2004 and 2005. These Aircraft are expected to be financed pursuant to this offering on the date that the Certificates are issued, although the financing for each Aircraft is subject to certain conditions and could be delayed. The delivery deadline for purposes of financing an Aircraft pursuant to this offering is May 31, 2006 (or later under certain circumstances). The actual delivery date for any Aircraft may be subject to delay or acceleration. See Description of the Aircraft and the Appraisals Deliveries of Aircraft . Continental has the option

to substitute other aircraft if the delivery of any Aircraft is expected to be delayed for more than 30 days after the month scheduled for delivery or beyond the delivery deadline. See Description of the Aircraft and the Appraisals Substitute Aircraft .

- (2) The actual principal amount issued for an Aircraft may be less depending on the circumstances of the financing of such Aircraft. The aggregate principal amount of all of the Equipment Notes will not exceed the aggregate face amount of the Certificates.
- (3) The appraised value of each Aircraft set forth above is the lesser of the average and median values of such Aircraft as appraised by three independent appraisal and consulting firms, projected, in the case of Aircraft yet to be delivered, as of the scheduled delivery month of such Aircraft. These appraisals are based upon varying assumptions and methodologies. An appraisal is only an estimate of value and should not be relied upon as a measure of realizable value. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft and Description of the Aircraft and the Appraisals The Appraisals .

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

The following table sets forth loan to Aircraft value ratios ( LTVs ) for the Certificates as of March 1, 2006 (the first Regular Distribution Date that occurs after all Aircraft to be financed in this Offering are scheduled to have been delivered) and each sixth Regular Distribution Date thereafter. The LTVs for the Certificates for the period prior to March 1, 2006 are not meaningful, since during such period all of the Equipment Notes expected to be acquired by the Trust and the related Aircraft will not be included in the calculation. The table should not be considered a forecast or prediction of expected or likely LTVs but simply a mathematical calculation based on one set of assumptions. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft .

<b>Date</b>	<b>Aggregate Appraised Value(1)</b>	<b>Outstanding Pool Balance(2)</b>	<b>LTV(3)</b>
March 1, 2006	\$593,241,506	\$304,715,218	51.4%
September 1, 2006	585,777,193	299,781,323	51.2
March 1, 2007	575,279,374	294,597,405	51.2
September 1, 2007	567,815,061	289,150,794	50.9
March 1, 2008	557,317,243	283,428,178	50.9
September 1, 2008	549,852,929	277,415,570	50.5
March 1, 2009	539,355,111	271,098,276	50.3
September 1, 2009	531,890,798	264,460,854	49.7
March 1, 2010	521,392,979	257,487,084	49.4
September 1, 2010	513,928,666	250,159,921	48.7
March 1, 2011	503,430,847	242,461,456	48.2
September 1, 2011	495,966,534	234,372,874	47.3
March 1, 2012	485,468,716	225,874,406	46.5
September 1, 2012	478,004,402	216,945,282	45.4
March 1, 2013	467,506,584	207,563,677	44.4
September 1, 2013	460,042,271	197,706,663	43.0
March 1, 2014	449,544,452	187,350,147	41.7
September 1, 2014	442,080,139	176,468,820	39.9
March 1, 2015	431,582,320	165,036,084	38.2
September 1, 2015	424,118,007	153,023,999	36.1
March 1, 2016	411,788,116	140,403,206	34.1
September 1, 2016	401,835,698	127,142,859	31.6
March 1, 2017	387,838,607	113,210,548	29.2
September 1, 2017	377,886,189	98,572,222	26.1
March 1, 2018	363,889,098	83,192,105	22.9
September 1, 2018	353,936,680	67,032,605	18.9
March 1, 2019	339,939,589	50,054,229	14.7
September 1, 2019	329,987,171	32,215,479	9.8
March 1, 2020	234,659,475	15,253,997	6.5
September 1, 2020	100,428,800	4,634,120	4.6
March 1, 2021	20,860,000	230,096	1.1

(1)

In calculating the aggregate appraised value of the Aircraft, we have assumed that the appraised value of each Aircraft, determined as described under Equipment Notes and the Aircraft , declines on the Regular Distribution Date closest to the anniversary of its delivery by the manufacturer by approximately 3% per year of the initial appraised value at delivery for the first ten years after the delivery of such Aircraft, by approximately 4% per year for the next five years and by approximately 5% per year thereafter. The aggregate Aircraft value as of any date does not include the value of Aircraft as to which the Equipment Notes secured by such Aircraft are expected to have been paid in full on or prior to such date. Other rates or methods of depreciation would result in materially different LTVs. We cannot assure you that the depreciation rate and method used for purposes of the table will occur or

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predict the actual future value of any Aircraft. See Risk Factors Risk Factors Relating to the Certificates and the Offering Appraisals and Realizable Value of Aircraft .

- (2) In calculating the outstanding balances, we have assumed that the Trust will acquire the maximum principal amount of Equipment Notes for all Aircraft prior to March 1, 2006.
- (3) The LTVs were obtained for each Regular Distribution Date by dividing (i) the expected outstanding balance of the Certificates after giving effect to the distributions expected to be made on such date, by (ii) the assumed value of all of the Aircraft on such date based on the assumptions described above. The outstanding balances and LTVs may change if, among other things, the aggregate principal amount of the Equipment Notes acquired by the Trust is less than the maximum permitted under the terms of this offering or the amortization of the Equipment Notes differs from the assumed amortization schedule calculated for purposes of this Prospectus Supplement.

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

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**Cash Flow Structure**

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

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

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**The Offering**

Certificates Offered                      Class A Certificates, which will represent fractional undivided interests in the Trust.

Use of Proceeds                              The proceeds from the sale of the Certificates will initially be held in escrow and deposited with the Depositary, except for any funds used on the Issuance Date to acquire Equipment Notes. The Trust will withdraw funds from the escrow to purchase Equipment Notes. The Equipment Notes will be issued by each Owner Trustee to finance a portion of the purchase price of the related Aircraft.

Subordination Agent, Trustee,      Wilmington Trust Company.  
Paying Agent and Loan  
Trustee

Escrow Agent                                  Wells Fargo Bank Northwest, National Association.

Depositary