

CONTINENTAL AIRLINES INC /DE/

Form FWP

March 08, 2012

2012-1 EETC Investor
Presentation
Continental Airlines, Inc.
March 8, 2012
Issuer Free Writing Prospectus
Filed pursuant to Rule 433(d)
Registration No. 333-158781
March 8, 2012

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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 toll-free Credit Suisse at 1-800-221-1037 or Morgan Stanley at 1-866-718-1649.

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Continental Airlines, Inc. (Continental) is offering \$892,138,000 of Pass Through
Certificates, Series 2012-1, in two classes
Class A of \$753,035,000
Class B of \$139,103,000
The proceeds from the offering will be used by Continental to finance 21 aircraft
Finance
the
purchase
of
4
new
Boeing
787-8
Dreamliner
and
14
new
Boeing
737-900ER
aircraft scheduled for delivery in 2012
Refinance 3 Boeing 737-900ER aircraft delivered new to Continental in 2009 and currently
financed under bank mortgage loans

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The 18 new aircraft will be selected from a list of 24 aircraft scheduled for delivery in 2012 (See Preliminary Prospectus Supplement)

Joint Structuring Agents and Lead Bookrunners: Credit Suisse and Morgan Stanley

Continental Airlines 2012-1 EETC

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CAL 2012-1 EETC Structural Summary

Notes:

(1)

Moody's / Standard and Poor's

(2)

Initial LTV is calculated as of April 11, 2013, the first Regular Distribution Date after all aircraft are expected to have been financed.

Class A

Class B

Aggregate Face Amount

\$753,035,000

\$139,103,000

Expected Ratings

Baa2 / A-

Ba2 / BBB-

LTV (initial/max)

55.3% / 55.3%

65.5% / 65.5%

Interest Rate

Fixed, semi-annual

Fixed, semi-annual

Tenor

12.1

8.1

Initial Average Life

9.2

5.7

Regular Distribution Dates

April 11 and October 11

April 11 and October 11

Principal Distribution Window (in years)

1.6 - 12.1

1.6 - 8.1

Final Expected Distribution Date

April 11, 2024

April 11, 2020

Final Maturity Date

October 11, 2025

October 11, 2021

Section 1110 Protection

Yes

Yes

Liquidity Facility

3 semi-annual interest payments

3 semi-annual interest payments

(1)

(2)

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Key Structural Elements

Classes Offered: Two tranches of amortizing debt, both of which will benefit from a liquidity facility covering three semi-annual interest payments

Waterfall: Interest on the Preferred Pool Balance on the Class B paid ahead of Class A principal (same as Continental 2010-1)

Buy

Out

Rights:

Class

B

Certificateholders

have

the

right

to

purchase

all

(but

not less than all) of the Class A certificates at par plus accrued and unpaid interest upon certain events during a Continental bankruptcy

Cross-Default

/

Cross

Collateralization: Yes, from day one

Aircraft: Strategically core aircraft

New

Boeing

787-8

Dreamliner
aircraft

Continental

has

11

aircraft ordered

(United Continental Holdings, Inc. has a total of 36 B787-8 aircraft ordered)

Boeing

737-900ER

aircraft

including

expected

deliveries

in

2012,

Continental

expects

to

have

52

of

these

aircraft

in

service

at

year

end

2012

(1)

Collateral: 24 new aircraft will be available for selection, but no more than 18 will be financed (four Boeing 787-8 aircraft and 14 Boeing 737-900ER aircraft); in addition, three 2009 B737-900ER aircraft will be included

Notes:

(1)

Source: Continental Airlines

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Notes:

(1)

Only 21 aircraft will be financed from the proceeds of this offering; 4 new B787-8 aircraft and 14 new B737-900ER aircraft will be financed. Value assumes that the first 18 new aircraft in chronological order of delivery are selected by Continental for the transaction.

(2)

Some new B737-900ER aircraft may be delivered prior to closing.

(3)

The three aircraft delivered in 2009 are subject to existing security interests that are scheduled to be discharged prior to April 30, 2010.

(4)

The
lesser
of
the
average
and
median
values
as
appraised

by
AISI,
BK
Associates,
and
Morten,
Beyer
&
Agnew
(Base
Value
in
the
case
of
New
Aircraft
and
Maintenance
Adjusted Base Value in
the case of the aircraft delivered in 2009).

Aircraft
Aircraft
Manufacturer's
Delivery
Appraised
Number
Type
Serial Number
Month
Value

(4)
New Deliveries

(2)
1
B787-8
34824
Sep-2012
\$127,394,870

2
B787-8
34829
Oct-2012
127,697,813

3
B787-8
34821
Nov-2012
127,833,719

4

B787-8
34823
Nov-2012
127,833,719
5
B737-900ER
31650
Feb-2012
52,856,667
6
B737-900ER
31651
Mar-2012
52,913,444
7
B737-900ER
40003
Mar-2012
52,913,444
8
B737-900ER
31646
Apr-2012
53,043,888
9
B737-900ER
40004
Apr-2012
53,043,888
10
B737-900ER
40005
May-2012
53,100,776
11
B737-900ER
41742
May-2012
53,100,776
12
B737-900ER
31640
Jun-2012
53,161,219
13
B737-900ER
41743
Jun-2012
53,161,219
14

B737-900ER
37205

Sep-2012
53,458,994

15
B737-900ER
41744

Sep-2012
53,458,994

16
B737-900ER
37206

Oct-2012
53,656,104

17
B737-900ER
37199

Oct-2012
53,656,104

18
B737-900ER
37200

Nov-2012
53,712,992
2009 Deliveries

(3)
19
B737-900ER
32835

Feb-2009
45,060,000

20
B737-900ER
33527

Mar-2009
45,170,000

21
B737-900ER
33529

May-2009
45,623,333

Collateral Appraised Value
(4)

\$1,391,851,963

Collateral Summary
(1)

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Collateral Pool

The transaction benefits from a collateral pool of new and recently built aircraft, and includes a mix of narrowbody and widebody aircraft types

Collateral Fleet / Age Mix

(by appraised value in \$mm)

Widebody: 37%

Narrowbody: 63%

New: 90%

2009 Build: 10%

B787-8

\$511

B737-900ER

\$881

2009 Build

\$136

New

\$1,256

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Continental has obtained Base Value Desktop Appraisals from three appraisers (AISI, BK Associates and Morten Beyer & Agnew)
New Aircraft: Base Value
Owned 2009 Aircraft: Maintenance Adjusted Base Value
Maintenance Adjusted Base Value includes adjustments from the mid-time, mid-life baseline to account for the actual maintenance status of the aircraft
Appraisers reviewed specific maintenance records of each of the 2009 built aircraft
Provides a more precise valuation of a given vintage aircraft than Base Value
Aggregate aircraft appraised value of approximately \$1.392 billion
Appraisals available in the Preliminary Prospectus Supplement
Appraisals indicate an initial collateral cushion of 45% and 34%

on
the
Class
A and B
respectively, which increases over time as the debt amortizes

Aircraft Appraisals

Appraised

value

is

the

lesser

of

the

average

and

median

value

of

each

aircraft

as

appraised

by

the

three

appraisers.

An

appraisal

is

only

an

estimate

of

value

and

should

not

be

relied

upon as a measure of realizable value. Value assumes that the first 18 new aircraft in chronological order of delivery by each a

Initial collateral cushion is calculated as of April 11, 2013, the first regular distribution date after all aircraft are expected to ha

Notes:

(1)

(2)

(2)

(1)

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Overview: The B737-900ER is the largest variant of the world's best selling B737NG family of narrowbody commercial aircraft

Strengths

(1)

:

Very similar build and configuration to the B737-800, but longer fuselage accommodates 13 additional passengers with transcontinental capability in Continental's standard two-class configuration

Introduced in 2007, the B737-900ER is the newest member of the B737NG family with up to 106 delivered and 311 additional firm orders as of December 31, 2011

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

replacement

for

domestic B757-

200 aircraft

Collateral Overview

Boeing 737-900ER

Notes:

(1)

Sources: The Boeing Company, Morten Beyer & Agnew, Continental Airlines

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B737-900ER Market

16 Customers for 417 net orders

(1)

Net orders from customers

106 deliveries to customers

(2)

Notes:

(1)

Through December 31, 2011, net orders are defined as gross orders minus cancellations by customers; inclusive of aircraft deli

(2)

Through December 31, 2011

11
Overview:
New
generation
long
range
aircraft
with
size
similar
to
current
B767s
in
fleet

219
passengers
in
Continental s

standard

two-class

configuration

(36

business / 183 premium

and regular economy)

Strengths

Over

45

airlines

and

leasing

companies

have

ordered

561

aircraft

as

of

December

31,

2011

Intercontinental range

to

serve

destinations

not

accessible

with

B767 aircraft (e.g.

Houston to Auckland)

Superior economic performance anticipated

o

Up to 20% lower fuel consumption than equivalent sized aircraft

o

15-25% lower operating costs

o

30% lower airframe maintenance costs and longer intervals between maintenance

checks

o

20% weight savings due to an airframe comprising nearly 50% carbon fiber

Importance

to

Continental

Provides Continental with a cost efficient, long range, medium density route aircraft

An attractive replacement on B767 routes and certain B777 markets

Collateral Overview

Boeing 787-8 Dreamliner

Sources: The Boeing Company, Continental Airlines

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B787 Market

59 customers for 860 firm orders

Notes:

As of December 31, 2011

*Leasing operator

561 B787-8

299 B787-9

B787-8 and -9

