History of Continental Airlines

Early history

Walter T. Varney, founder of predecessors of United Airlines and Continental Airlines, 1921
Varney Speed Lines (named after one of its initial owners, Walter T. Varney, who was also a founder of United Airlines was formed in 1934, operating airmail and passenger services in the American Southwest over a route originating from El Paso and extending through Albuquerque, Santa Fe, and Las Vegas, NM to Pueblo, CO. The airline commenced operations with the Lockheed Vega, a single-engine plane that carried four passengers. The airline later flew other Lockheed planes, including the Lockheed Model 9 Orion, the Lockheed Electra Junior, and the Lockheed Lodestar. Following cancellation of all domestic airmail contracts by the Roosevelt administration in 1934, Robert F. Six learned of an opportunity to buy into the Southwest Division of Varney Speed Lines which needed money to handle its newly won Pueblo-El Paso route. Six was introduced to Louis Mueller (who would serve as Chairman of the Board of Continental until February 28, 1966). Mueller had helped found the Southwest Division of Varney in 1934 with Walter T. Varney. As an upshot of all this, Six bought into the airline with US $90,000 and became general manager on July 5, 1936. Varney was awarded a 17-cent-rate airmail contract between Pueblo and El Paso; it carried passengers as a sideline. The carrier was renamed Continental Air Lines (later changed to "Airlines") on July 8, 1937. Six relocated the airline's headquarters to Denver Union (later Stapleton) Airport in Denver in October 1937. Six changed the name to "Continental" because he wanted the airline name to reflect his desire to have the airline fly all directions throughout the United States.
During World War II Continental's Denver maintenance facilities became a conversion center where the airline converted B-17s, B-29s, and P-51s for the United States Army Air Forces. Profits from military transportation and aircraft conversion enabled Continental to contemplate expansion and acquisition of new aircraft types after the war. Among those were the DC-3, the Convair 240 and the Convair 440. Some DC-3s were acquired as military surplus after World War II. The Convairs were Continental's first pressurized airliners. The airline's early route network was limited to the original El Paso to Denver route with routes being added during the Second World War from Denver and Albuquerque across Kansas, Oklahoma, and Texas. By 1946 Continental had routes from Denver to Kansas City, Tulsa, and to Oklahoma City, and from El Paso and Albuquerque to San Antonio. Each route included stops in several of 22 smaller cities.

In 1953 Continental achieved its first major expansion by merging with Pioneer Airlines, gaining access to 16 more cities in Texas and New Mexico. In August 1953, before the merger, Continental flew to 35 airports and Pioneer flew to 19.

The Pioneer cities fit Continental's network well and provided impetus for the Civil Aeronautics Board (CAB), the industry regulator, to streamline CAL's routes from Denver to Texas, New Mexico, Kansas and Oklahoma. Like most U.S. carriers of the day Continental was a regional operation, and Bob Six was dissatisfied with this. He vigorously petitioned the CAB for longer-haul routes to larger cities, a part of his plan to transform the regional into a trunkline like United, TWA, and American. He was quietly discussing with Boeing for Continental to become one of the first to operate the soon-to-be-launched 707 jet aircraft. The timing was crucial, since new routes would justify the 707s, and vice versa.
Continental Airlines had seen a broad expansion of its routes, thanks to a responsive CAB and persistent efforts by Robert F Six, who frequently referred to his company as "the Airline that needs to grow. In 1957, it flew for the first time from Chicago to Los Angeles (both nonstop, and via Denver); and nonstop from Denver and Los Angeles to Kansas City. Continental Airlines
introduced turboprop service with the Vickers Viscount on the new medium haul routes. The CAB permitted Continental to drop service at many of the smaller cities on the system, enabling the carrier's new aircraft to operate more economically between points with longer lengths-of-haul. Before introducing Boeing 707 jets, Continental acquired the popular DC-7Bs for nonstop flights from Los Angeles to Chicago, as well as Denver-Los Angeles and Chicago-Kansas City. In 1960 Continental had more than triple the passenger-miles it had had in 1956. (Aviation Week June 22, 1959: "Continental's current re-equipment program — involving a total cost of $64 million for the Boeings, Viscounts and DC-7Bs — was launched in 1955 when the carrier's net worth amounted to $5.5 million.")

During the late 1950s and early 1960s Six was the airline industry's leading lower-fare advocate. He predicted that increased traffic, not higher fares, was the answer to the airline industry's problems. To amazement from the industry he introduced the economy fare on the Chicago-Los Angeles route in 1962. He later pioneered a number of other low or discount fares which brought air travel to many who could not have afforded it. One of Continental's early innovations was a system-wide economy excursion fare which cut the standard coach fares by more than 25%.

Continental was one of the earliest operators of the Boeing 707, taking delivery of its first of five 707-124s in spring 1959 and starting Chicago-Los Angeles nonstop on June 8. Having so few jets, Continental needed radical innovations to the 707 maintenance program. It developed the "progressive maintenance" program, which enabled Continental to fly its 707 fleet seven days a week, 16 hours a day, achieving greater aircraft utilization than any other jet aircraft operator in the airline industry. (In 1962 Continental's 707s averaged 11 hr 16 min a day; in 1963, 10 hr 26 min.) Six, not being satisfied with 707 service, introduced innovations and luxe cuisine on Continental's 707 flights which were described as, "... nothing short of luxurious" by the Los Angeles Times, and, "... clearly, the finest in the airline industry" by the Chicago Tribune.
In the early 1960s Continental added flights from Los Angeles to Houston, both nonstop and 1- and 2-stop flights via Phoenix, Tucson, El Paso, Midland-Odessa, Austin, and San Antonio. Continental connected Denver to Seattle, Portland, New Orleans, and Houston (to Houston: both nonstop, and with 1- and 2-stop services via Wichita/Tulsa/Oklahoma City). In 1963, company headquarters moved from Denver to Los Angeles. Total passenger-miles in 1967 were more than five times greater than in 1960, but 61% of the 1967 total was on unscheduled flights (mostly transpacific charters). During the late 1960s the company disposed of the last of its turboprop and piston-powered aircraft—one of the first U.S. airlines to do so. Continental replaced the Viscount fleet with DC-9s from Douglas Aircraft and added Boeing 727s. The DC-9 and B-727 were to become the workhorses of the Continental fleet from the late 1960s. The DC-9s were phased out and by the late 1970s, but Continental used the 727-200 as the mainstay of its narrow-body fleet until the late 1980s. In 1968 a new livery was launched. Orange and gold cheatlines adorned a white fuselage; and a black "jetstream" logo (by Six's friend, the noted graphic designer Saul Bass) prominently displayed on the iconic "Golden Tails" of the airline's aircraft. The marketing slogans adopted in 1968 and employed for more than a decade were, "The Airline
That Pride Built" and, "The Proud Bird with the Golden Tail."). 1960s saw international routes awarded to Continental (to New Zealand and Australia) in the Transpacific Case, but these were subsequently cancelled by the Nixon Administration.

During the Vietnam War Continental provided extensive cargo and troop transportation for United States Army and Marine Corps forces to Asian and the Pacific bases. Continental's 707-324Cs were the most common non-military aircraft transiting Saigon Tan Son Nhat airport; in 1967, 39% of CO's passenger-miles were on scheduled flights. With Continental's experience in Pacific operations, the carrier formed subsidiary Air Micronesia in May 1968, inaugurating island hopping routes between Yap/Saipan/Guam, Majuro, Rota, Truk, Ponape and Honolulu. "Air Mike", as it was known, initially operated with Boeing 727-100 aircraft with open-ocean survival gear, doppler radar, and a large complement of spare parts (including tires). A senior mechanic flew on every Air Mike flight until the late 1970s. Air Micronesia operated as subsidiary Continental Micronesia until 2010. In September 1969, Continental introduced service from Los Angeles to Honolulu/Hilo; in 1970, Continental was awarded routes from Seattle and Portland to San Jose, Hollywood-Burbank Airport, and Ontario, California—all growing airline markets. Nonstop San Francisco to Albuquerque and Dallas flights were added in the same year.

![Boeing 737–200 with Continental's 1968–1991 “meatball” logo and airplane livery designed by Saul Bass](image)

1970s
Continental Boeing 747 at Los Angeles in 1987.

At Six's insistence, Continental was one of the three launch airlines for the Boeing 747. On June 26, 1970, Continental became the second carrier (after TWA) to put the 747 into U.S. domestic service. Its upper-deck first class lounge and main deck "Polynesian Pub" won awards worldwide for the most refined cabin interior among all airlines, as did meal services developed by Continental's Cordon Bleu-trained executive chef, Lucien DeKeyser. Continental's 747 services from Chicago and Denver to Los Angeles and Honolulu set the standard for service in the western U.S. When asked by one Denver customer service agent in 1974 why he flew Continental wherever he could, Hollywood legend Henry Fonda remarked, "This operation is class; strictly class!" On June 1, 1972, Continental's widebody DC-10 service began. Six had insisted that Continental place a large order for DC-10s with manufacturer McDonnell Douglas. This decision again proved prescient, since the publicity associated with Continental's splashy 747 service in the Chicago-Denver-Los Angeles-Honolulu backbone corridor had stimulated not only increased market share, but increased traffic for all carriers in these markets. Additionally Denver, Houston and Seattle were experiencing very rapid growth in the 1970s. The DC-10s quickly assumed most of the duties of flying between Denver and Chicago, Los Angeles, Houston and Seattle, and between Houston-Los Angeles.
During the 1970s, Denver was the principal hub of the airline. The 747s were focused on the Chicago-Los Angeles-Honolulu routes, with a single daily round trip through Denver. The DC-10 aircraft operated in large inter-city markets (usually from Los Angeles to Chicago, Denver, Houston and Honolulu; and from Denver to Chicago, Los Angeles, Seattle and Houston). DC-9 and B-727 types predominated over the rest of the system, as well as supplementing frequencies in the DC-10 markets. Next to, Braniff, Continental operated fewer aircraft types (four: the B-747, DC-10, B-727-200, and) DC9-10 during this period than any U.S. trunkline, affording substantial savings in parts, maintenance, and crew training logistics and costs. The DC-10 enabled the airline to capitalize on the burgeoning traffic growth in western U.S. markets. Continental saw market share grow annually in each DC-10 market through the 1970s, until relative market parity was achieved with United, the principal competitor on most of the DC-10 routes. The same service innovations introduced with the 747 fleet were initially implemented on Continental's DC-10s, including the "Polynesian Pub". However, after the 1973 oil crisis induced fuel price increases, higher seating capacity was needed to achieve profitable economics and the DC-10 pubs were removed. Continental phased out its 747s in 1978 in favor of the more economical DC-10s (747s would return to Continental during the Lorenzo era, providing services from Newark to London and Paris). From the late-70s until it was merged with Texas International, Continental operated only DC-10 and 727-200 aircraft.

During the 1960s and 1970s, Continental's coveted reputation resulted from the focus placed on exceptional quality of service and customer relations. This policy resulted directly from Bob Six's personal penchant for excellence in every service category, and from his persistent efforts to show up the larger trunk airlines whose network size Continental could not yet match. From 1961 to 1982, Continental was headquartered at the western end of the Los Angeles International Airport property on World Way West. The facility included the general offices, system operations control, the central maintenance facility, flight kitchen, and Los Angeles crew bases.

In 1974, after years of delays and legal proceedings, Continental inaugurated service between Houston and Miami, and on May 21, 1976, Continental was authorized to operate long-sought routes between San Diego and Denver. President Jimmy Carter and Civil Aeronautics Board chairman Alfred Kahn had been promoting deregulation of the airline industry, which would
dissolve the CAB and for the first time in industry history allow U.S. carriers to determine without government supervision where they would fly, and how much they could charge for their services. Continental began service from Denver to Miami/Ft. Lauderdale and Tampa/St. Petersburg in Florida. That year, President Carter authorized Continental to begin daily round trips between Air Micronesia destination Saipan and Japan, and approved a route for Continental from Los Angeles to Australia via Honolulu, American Samoa, Fiji, New Zealand and Australia. The South Pacific service began May 1, 1979. After the 1978 passage of the Airline Deregulation Act Continental embarked on an aggressive program of route expansion. October 1978 saw Continental begin flights from the New York area airports to Houston and Denver, and from Denver to Phoenix. That same month, Continental inaugurated DC-10 service between Los Angeles and Taipei, via Honolulu and Guam. Service between Houston and Washington, D.C., began in January 1979. In June 1979, Continental linked Denver with Washington, D.C., Las Vegas, San Francisco and San Jose and also began Houston-Tampa service. The airline suffered in 1979 when the DC-10 was grounded nationwide. Given that Continental Airlines only operated the DC-10 and the 727 at the time, flights to Hawaii were cancelled during the grounding. By the time of the Texas Air Corp. acquisition in 1981, Continental's post-deregulation growth had allowed it to penetrate every major U.S. airline market (and all of the regional markets) from the hubs in Denver and Houston, and the rapid expansion in the air was answered with large-scale facilities expansions at each of these airports. In Denver, Continental's very rapid growth provided the final impetus for the construction of the new Denver International Airport, which would be completed almost fifteen years later.
While deregulation allowed Continental to expand into new profitable areas, it hurt the company's existing business as consumers were for the first time able to choose lower fares over Continental's better service. During 1978, Continental explored the possibility of a merger with Western Airlines, which held a nearby headquarters and similar fleet. The route systems would have been complementary, with little overlap; because, although they both served the Western states, Continental had strength in Hawaii, southern-tier and the Great Plains states; Western's strengths were in the California intrastate market, Alaska, Mexico, and the Intermountain West. Both airlines served the Pacific Northwest and Rocky Mountain states, but along different routes from Los Angeles, Denver, San Francisco, Seattle and Phoenix. This merger was not consummated. Unlike some airlines (notably Braniff whose expansion was so rapid and unsustainable that the additional costs made investment recovery impossible, and the carrier was forced into bankruptcy and liquidation), Continental's rate of expansion following passage of the Airline Deregulation Act, seems, in retrospect, to have been appropriate. The markets that were added were almost all profitable, absorbing some of the hits to its existing markets and helping it in its difficult times between 1982 and 1994.

1980s

Frank Lorenzo, Continental Airlines CEO, 1981–1990

In 1981 Texas Air Corporation, an airline holding company controlled by U.S. aviation entrepreneur Frank Lorenzo, acquired Continental after a contentious battle with Continental's management who were determined to resist Lorenzo. Continental's labor unions also fiercely resisted, fearing what they termed as "Lorenzo's deregulation tactics", which they believed implied that he wanted to make Continental a non-union airline. Lorenzo viewed the company as stuck in the pre-deregulation era and in need of serious changes to stay competitive. Continental was experiencing financial challenges both before and after Lorenzo's takeover, and he demanded immediate wage cuts and layoffs to keep the company afloat. During this struggle, Continental Airlines President, A. L. Feldman, committed suicide, on August 9, 1981, in his office. Lorenzo became Continental's new Chairman and CEO. On October 31, 1982 Continental merged with Texas International (which retained the Continental identity and dissolved TI), offering service to four continents (North and South America, Asia and Australia) with a fleet of 112 aircraft. Continental relocated its headquarters to Texas Air's base in Houston, Texas, which resulted in a large expansion of its hub at Houston International Airport and extensive new routes to Mexico and the south central U.S.
Airline unions fought Lorenzo and Continental at every step. In the Federal courts, they unsuccessfully sued to stop the company's reorganization. They were successful in working to persuade Congress to pass a new bankruptcy law preventing bankrupt companies from terminating contracts as Continental had successfully done. The law was too late to affect Continental and the cost cutting and changes that had rescued it from liquidation. Frank Lorenzo took Continental into Chapter 11 bankruptcy on September 23, 1983, after unsuccessfully attempting to negotiate a lower pay rate with labor unions. This saved the company from liquidation, but required substantial reorganization, which began immediately. Following bankruptcy, Continental was freed of its contractual obligations and imposed a series of new labor agreements on its union workers, sharply reducing the airline's labor costs at the cost of employee morale. This move made Continental vastly more competitive with the new airline startups then emerging and thriving in the southwestern U.S., but had notable negative impact on employee attitudes and loyalty. By the end of 1984, Continental recorded a $50 million profit. Pilots went on strike in 1983, but were unsuccessful due to Continental pilots and new hires who crossed the picket line.

On April 28, 1985, Continental inaugurated its first scheduled service to Europe with flights from Newark and Houston to London. Soon thereafter, services to Paris, Frankfurt, Madrid and Munich were added. However, the airline was still facing significant challenges with consistently low reliability rankings and a high level of customer complaints compared with its competitors. In October 1985, Texas Air Corp. made an offer for a Denver-based regional carrier, Frontier Airlines, opening a bidding war with People Express, which was headed by Lorenzo's former TI associate Don Burr. People Express paid a substantial premium for Frontier's high-cost operation. The acquisition, funded by debt, did not seem rational to industry observers from either the route integration or the operating philosophy points of view, but was in the opinion of most industry analysts rather an attempt by Burr to best his former boss, Frank Lorenzo. On August 24, 1986, Frontier filed for bankruptcy and ceased operations. With People Express hemorrhaging cash, Texas Air acquired People Express on September 15, 1986, at the same time gaining Frontier, whose strong network in the Great Plains and intermountain West reinforced Continental's already formidable Denver hub. Because it had been the largest airline operating in the New York market, the People Express hub at Newark would permit Continental to expand its East Coast services dramatically for the first time in its history. Continental soon became the
third-largest airline in the U.S. and the predominant force in the New York, Denver and Houston airline markets.

Continental emerged from bankruptcy on June 30, 1986, with improved asset and cash flow positions and a more competitive route structure with routes radiating to every large U.S. city from major hubs at Denver and Houston. Continental also began developing its Midwest hub at Cleveland Hopkins International Airport in 1986, just as United Airlines began to transfer its Cleveland hub operations to Washington Dulles International Airport, in Fairfax County, Virginia. On February 1, 1987, People Express, Frontier, New York Air and several commuter carriers were merged into Continental Airlines to create the third-largest U.S. airline (and sixth largest airline in the world). In so doing, Continental became an even larger player in the northeastern markets. 1987 saw the creation of Continental's OnePass frequent flier program jointly with Eastern Airlines, and, in 1988 Continental formed its first strategic partnership (and the first international airline alliance of its kind) with SAS.

1990s

Continental's reemergence from its second bankruptcy was signaled by its taking on the naming rights to New Jersey's Continental Airlines Arena, which it held until 2007

In 1990, Frank Lorenzo retired after 18 years at the helm of Texas International and later Texas Air and Continental Airlines, selling the majority of his Jet Capital Corporation to Scandinavian Airlines System (SAS). According to William F. Buckley, in his September 17, 1990 article on National Review, the sale to SAS was conditioned on Lorenzo leaving the company. On December 3, 1990, Continental filed for its second bankruptcy, due to Lorenzo dedicating himself almost full-time to Eastern Air Lines acquisition and labor relations issues, the 1990 Iraqi invasion of Kuwait and the resultant Gulf War had prompted a dramatic increase in the price of jet fuel, and People Express had been highly leveraged at the time of its merger with Continental, having purchased Frontier Airlines just two years before In addition to Lorenzo embarking on deals which saddled the airline with other carriers' debts, he also began consolidating the different airlines into one system. That resulted in a fleet comprising numerous aircraft types and liveries.
In the late 1980s, following a dramatic reduction of service by United Airlines and an unsuccessful attempt by USAir to establish point-to-point service, Continental expanded at Cleveland Hopkins International Airport and established what would become its third-largest system hub. Continental quickly gained nearly all of the gates in the C concourse (once dominated by United), and later expanded that concourse to 24 gates in addition to eventually constructing a new Concourse D in 1999. On February 12, 1991, Continental unveiled a new blue and gray livery and the "globe" logo. This would continue as Continental's identity until it was dissolved in 2012, and was adopted by the post-merger United Airlines. In 1993 Air Canada, Air Partners and Texas Pacific Group enabled Continental to emerge from bankruptcy by investing $450 million in the airline. Under the leadership of former Boeing executive Gordon Bethune, who became President in October 1994, Continental began a successful transformation project. When Bethune took over in 1994 as COO and President of Continental Airlines the troubled airline had twice faced bankruptcy and was again headed that direction. A search firm hired by Continental's board of directors suggested Bethune, who had recently completed an Advanced Management Course at the Harvard Business School, to salvage the company.

Bethune ascended to the role of CEO and was elected chairman of the board of directors in 1996. Continental went from being ranked last in every measurable performance category to winning more J.D. Power and Associates awards for Customer Satisfaction than any other airline in the world. BusinessWeek magazine named Bethune one of the top 25 Global Managers in 1996 and 1997. Under his leadership Continental's stock price rose from $2 to over $50 per share. Fortune named Continental among the 100 Best Companies to Work for in America for six consecutive years. In his final year piloting the airline Fortune magazine ranked Continental 2004's No. 1 Most Admired Global Airline, a title it earned again in 2005, 2006, 2007 and 2008.[1] Bethune
released his book, From Worst to First, in 1999 detailing his success at that carrier. While at Continental, Bethune created the Go-Forward plan, to fix problems with the airline, which included employee morale, the quality of the product, and the route structure, among others. He and his management team are credited for saving Continental from extinction. Bethune began by ordering new aircraft in an effort to convert to an all-Boeing fleet. After the opening of the new Denver International Airport on February 28, 1995, Continental management decided that the Denver hub – its historic operational base and heart of the system for almost 60 years – would be abruptly reduced to spoke status (with service only to Houston, Newark, and Cleveland). This decision centered on cost-reductions, since DIA charges and landing fees were substantially higher than those at Stapleton which DIA had replaced.

Between 1993 and 1995, Continental experimented with an "airline within an airline" by launching CALite, later renamed Continental Lite, which provided all-economy, low-fare, no-frills service between primarily leisure destinations. Continental Lite operated with a dedicated fleet of 100 McDonnell Douglas DC9-30 and Boeing 737-200 aircraft, each repainted with the 'Lite' livery and stripped of its first class cabin. (The Continental Lite experiment was rumored to be the result of "extra" aircraft on hand following the closure of Continental's Denver hub.) This service was based primarily at Continental's existing hub in Cleveland as well as a new hub established in GreensboroNC. The experiment, which had been developed and launched by Bethune's predecessor, Robert Ferguson, proved unsuccessful and the brand was dissolved in 1995. Continental's short-lived Greensboro hub was dismantled in the process. On March 26, 1996, Continental launched the first phase of its website. During this time period Continental was the subject of hostile takeover bids submitted by then Delta Air Lines and Northwest Airlines. The final deal struck with Northwest, as described by Bethune in his book, allowed Continental to keep its corporate identity but all major decisions, mergers and alliances, were controlled by means of a "golden share" owned by Northwest Airlines.

A Continental Airlines Boeing 767-200ER upon push-back at Berlin Tiegel Airport (2010).

Beginning in 1998, Continental again embarked on a program to expand its international operations. In that year it inaugurated services to Ireland and Scotland, and in October 1998 the airline received its first Boeing 777-200ER aircraft, allowing non-stop flights from Newark and Houston to Tokyo, Japan and from Newark to Tel Aviv, Israel. Continental in the same year launched partnerships with Northwest Airlines, Copa Airlines, Avant Airlines, Transbrasil, and Cape Air. Continental and America West Airlines became the first two US airlines to launch interline electronic ticketing. In 1999, Continental Airlines started service between Newark and Zurich, Switzerland, and from Cleveland to London. The Cleveland to London originally flew
from Cleveland Hopkins International to London's Gatwick Airport, but moved in 2009 to London Heathrow. Due to the economic situation, this flight was suspended. In 1998 Continental expanded its flycontinental.com functionality, including the addition of WebTV and Windows CE functionality and expanding services to Canadian users.[27]

2000s

Boeing 777-200ER “Peter Max” (the colorful aircraft) at George Bush Intercontinental Airport in Houston, Texas. Downtown Houston is visible in the background. The livery was removed in the winter of 2007–2008

On March 1, 2001, Continental launched non-stop service from Newark to Hong Kong, operating over the North circumpolar route. This service was the first non-stop long-haul route for any airline with flying duration exceeding 16 hours. The SARS outbreak in Asia caused service to be suspended until August 1, 2003. The launch in 2001 initiated a brief battle between Continental, United Airlines and Cathay Pacific over rights to non-stop flights between Hong Kong and New York. In 2003 non-stop daily services were started between Newark and Geneva, Switzerland and between Newark and Port of Spain, Trinidad and Tobago. On September 13, 2004 Continental entered SkyTeam alliance along with Northwest/KLM and CSA. Continental introduced new non-stop services to Oslo, Norway and Edinburgh, Scotland in 2004. In 2005, Continental expanded service from Newark to Beijing after being awarded the China route. During the same year, five new European destinations were added: Stockholm in Sweden, Belfast and Bristol in the United Kingdom, and Hamburg and Berlin in Germany. Services were added to Copenhagen, Denmark and Cologne, Germany in 2006, and to Athens, Greece in 2007. Among U.S. airlines, only Delta (with its extensive network of legacy routes dating from Delta's acquisition of Pan American's European network) serves more European destinations than Continental.

In 2005 service to Asia was expanded as Continental introduced daily nonstop service between Newark and New Delhi, India. The success of this Newark-New Delhi route presaged establishment of a second gateway in India with the announcement of daily nonstop service to Mumbai. With the establishment of Mumbai service, Continental offers the most nonstop flights by any carrier from the United States to India. By May 2006, the carrier's passenger traffic
surpassed that of Northwest Airlines, and Continental became the fourth-largest U.S. carrier, the first change in the top-five passenger enplanement rankings since 2001. The Wall Street Journal reported on December 12, 2007 that Continental was in merger discussions with United Airlines. Of issue would be Continental's golden share held by Northwest Airlines, dating from a stakeholding relationship during the late 1990s, and the divestiture of Continental's Guamanian hub. A deal was not "certain or imminent", with the talks being of a preliminary nature. In April 2008, at the height of oil prices, Northwest announced a merger with Delta Air Lines. This allowed Continental to buy back the golden share from Northwest Airlines, which it did. Continental then renewed merger talks with United Airlines, but Continental ended the merger talks that same month.

Continental operated from Terminal C at Newark Liberty International Airport.

In May 2008, Continental Airlines sold its remaining 4.38 million share investment in Panamanian flag carrier Copa for $35.75 a share, netting proceeds of $149.8 million. Continental had been a principal shareholder in Copa. In June 2008, due to national and international economic conditions, Continental cut 3,000 jobs and the CEO and president had reduced salaries for the remainder of the year. The airline also reduced capacity and eliminated 67 mainline aircraft from its fleet by the end of 2009, retiring all of Continental’s 737-300s and all but 35 of its 737-500s. Continental also announced that it planned to withdraw from the SkyTeam Alliance and would join the Star Alliance in order to cooperate more extensively with United Airlines and other Star Alliance airlines. The new Continental-United relationship has been characterized as a "virtual merger" in some circles. Continental had maintained its SkyTeam affiliation to be business-as-usual until the day of withdrawal. Continental had been in discussions with United Airlines earlier in 2008 which might have resulted in a merger of the two carriers, but Continental withdrew from these discussions stating that it intended to continue to operate as presently constituted.
In September 2008, Continental announced that it would commence providing seasonal non-stop service between Houston and Rio de Janeiro. The new non-stop flight was timed to provide roundtrip flight connections at Continental's Houston hub to more than 160 cities throughout the U.S., Canada, Central America, Europe, and Asia. Continental renewed its lease for around 450,000 square feet ($42,000 m^2) in Continental Center. Continental announced that its 4th quarter 2008 net loss widened to $266 million on costs for pilot retirement and reducing the value of its fuel hedges. In January 2009, Continental became the first commercial carrier to successfully demonstrate the use of sustainable biofuel to power an aircraft in North America. During the demonstration flight, Continental’s test pilots successfully conducted a number of flight maneuvers, and the biofuel met all performance requirements as compared with traditional jet fuel. The biofuel blend included components derived from algae and jatropha plants, both sustainable, second-generation sources that do not impact food crops or water resources or contribute to deforestation. In March 2009, Continental became the first U.S. carrier to inaugurate scheduled service between New York and Shanghai, China, with daily non-stop flights from the airline’s hub at Newark Liberty International Airport.

To commemorate Continental's 75th Anniversary, a Boeing 737-900ER aircraft N75436 was painted with Continental's mid-50s "Blue Skyways" livery when it was delivered in June 2009.
In June 2009, Continental Airlines took delivery of another new Boeing 737-900ER, which was painted with a retro livery to commemorate the airline’s 75th anniversary. The new aircraft’s retro livery, which was originally used on aircraft beginning in 1947 and is called The Blue Skyway, was selected by Continental employees. Continental flew the aircraft to its three hubs for anniversary celebration events for employees and retirees. In July 2009 Continental began to offer DirectTV, giving customers the choice of 95 channels of live television programming, more channels than any other carrier. The channel lineup includes CBS, NBC, Fox, USA Network, Discovery Channel, A&E, CNN, ESPN, Animal Planet, The History Channel and many other popular channels. The fee for economy-class customers was $6 per flight. Continental also launched Virtual Expert technology on their website at continental.com, offering customers 24-hour support on the Web for all their travel needs. “Alex,” the airline’s Virtual Expert, interacts with customers to easily and effectively interpret requests and provide accurate answers to travel needs. Continental was the first airline to use this technology. Continental Airlines joined Star Alliance on October 27, 2009, initiated with a closer partnership with United Airlines. Continental’s transition to Star Alliance is a strategic change that will enhance travel options and competition. Continental’s network will have a distinct fit in Star Alliance, with Continental’s New York hub at Newark Liberty International Airport playing a particularly important role for Star Alliance travelers. Continental Airlines began new non-stop service from its Houston hub to Edmonton International Airport beginning November 1, 2009, subject to government approval. The daily flight was the 11th Canadian destination to be served by Continental and the fourth Canadian destination from the airlines’ Houston hub. Continental also started service from its hubs at Houston and Cleveland to Washington Dulles International Airport (IAD). Continental Airlines also launched daily nonstop service between its Houston hub at Bush Intercontinental Airport and Frankfurt on November 1, 2009, subject to government approval. Frankfurt is the airline’s
fourth European city served directly from Houston. The airline had already been operating daily flights to Frankfurt from its New York hub at Newark Liberty International Airport. In December 18, 2009, Continental began new service from its Guam hub and Honolulu to Nadi, Fiji. The service was to be operated by Continental Micronesia.

2010s

On January 1, 2010, Jeff Smisek, former president and COO, became the CEO of Continental Airlines. Continental also planned to start seasonal nonstop service between Portland International Airport and Ted Stevens International Airport, putting Continental in direct competition with former partner Alaska Airlines. This route was scheduled to start on June 10, 2010. On February 16, Continental, along with its wholly owned subsidiary Continental Micronesia, announced that it applied for nonstop flights to Tokyo Haneda as part of an open-skies agreement between the US and Japan. Continental planned to begin services to Tokyo-Haneda from its New York/Newark hub in late-October 2010, and Continental Micronesia planned to start service to Haneda Airport from its Guam hub. However, Haneda slots were awarded to American, Delta, and Hawaiian Airlines instead. Continental Airlines also became the first airline to launch a mobile boarding pass service to London’s Heathrow. The service allowed customers to receive boarding passes electronically on their mobile phones or PDAs. The carrier was the first to offer the service on nonstop flights from the UK to the US Continental Airlines left the SkyTeam alliance on October 24, 2009, and joined Star Alliance on October 27, 2009. Together with its subsidiaries, Continental has more than 2,423 daily departures, serving 130 domestic and 132 international destinations and has 42,210 employees as of December 2009. Since 1998, Continental's marketing slogan has been “Work Hard, Fly Right”.

Merger with United Airlines

In February 2008, UAL Corporation and Continental Airlines began advanced stages of merger talks and were expected to announce their decision in the immediate aftermath of a definitive merger agreement between rival Delta Airlines and Northwest Airlines. The timing of the events was notable because Northwest's golden shares in Continental (that gave Northwest veto authority against any merger involving Continental) could be redeemed, freeing Continental to pursue a marriage with United. On April 27, 2008, Continental broke off merger negotiations with United and stated it was going to stand alone. Despite ending merger talks, Continental announced that it would join United in the Star Alliance.

United and US Airways were in advanced merger talks in late April 2008, following the announcement that Continental had broken off talks with United. In June 2008, CEOs of both United Airlines and Continental Airlines signed an alliance pact that led to their eventual merger. The alliance was an agreement to link international networks and share technology and passenger perks. This agreement was basically a "virtual merger" that included many of the benefits of a merger without the actual costs and restructuring involved. The alliance took effect about a year after Delta Airlines and Northwest Airlines completed their merger, as that released Continental from the SkyTeam contract and allowed for the required nine-month notice. Additionally, Continental joined the Star Alliance, as Delta and Northwest merged.
A Boeing 737–800 (N73276) on approach to San Diego. The new livery after the merger retains the Continental theme, but with the Continental replaced by United.

United Airlines was reported to be in serious merger discussion with US Airways in early April 2010. A York Times report indicated that a deal was close. Union consent was cited as a major hurdle for negotiators to clear. On April 22, 2010, United announced that it would not pursue a merger with US Airways.

On May 2, 2010, the Boards of Directors at Continental and United Airlines approved a stock-swap deal that would combine them into the world's largest airline in revenue passenger miles. The new airline will take on United Airlines name, Continental's logo and be based in United's hometown of Chicago. The new United is being run by Continental's CEO, Jeffery Smisek, along with United Airline's CEO, Glenn Tilton, serving as non-executive Chairman of the board. The deal received approval from US and European regulators in the summer of 2010. The shareholders of both airlines approved the deal on September 17, 2010. Both airlines had been reporting losses in the recession and expected the merger to generate savings of more than $1 billion a year.

In June 2010, Continental announced that it would begin offering nonstop flights from its hub in Houston to Auckland, New Zealand beginning November 16, 2011, subject to government
approval. Flights from Houston to Auckland were to be flown using Boeing 787 Dreamliner aircraft which had been expected to be delivered in August 2011. However, due to an additional delay of the Boeing 787 Dreamliner aircraft, Continental decided to postpone the service until 2012. (United subsequently scrapped the plans.)

On June 14, 2010, Continental announced that it would launch nonstop flights from its hub in Houston to Lagos, Nigeria beginning November 10, 2011 subject to government approval. Flights were to be originally be flown on Boeing 787 Dreamliner aircraft. Due to an additional delay in delivery of the 787, Continental ended up launching Houston-Lagos flights with Boeing 777-200ER aircraft instead.

In July 2010 the Continental-United merger was approved by the European Union. In August, Continental and United Airlines revealed a new logo that was used after the merger was complete. On August 27, 2010, the US Justice Department approved the Continental-United Merger. This is partially because United and Continental agreed to lease 18 take-off and 18 landing slots at Newark Liberty International Airport to Southwest Airlines. On September 17, 2010, Continental shareholders approved the merger deal with United Airlines. Both carriers planned to begin merging operations in 2011 to form the world's biggest carrier and was expected to receive a single operating certificate by 2012. Continental's air operator’s certificate (AOC) was retained, while those of United and Continental Micronesia were surrendered. On the other hand, United's maintenance certificate remained while Continental's did not.

On October 1, 2010, UAL Corporation completed its acquisition of Continental Airlines and changed its name to United Continental Holdings Inc. Although the two airlines remained separate until the operational integration is completed by mid-2012, as of that day both airlines were corporately controlled by the same leadership. On December 22, 2010, Continental Airlines merged operating certificates with Continental Micronesia. All Continental Micronesia flights were then branded and operated by Continental Airlines. On August 27, 2010, US regulators approved the planned merger. UAL and Continental shareholders gave their consent to the deal on September 17, 2010. The transaction is expected to close by October 1, 2010. Both carriers began merging its operations in 2011. On February 17 of that year, United Continental Holdings announced that Economy Plus will be part of the new United Airlines On March 22, UCH announced that they had plans to offer Wi-Fi Service on more than 200 domestic Boeing 737 and 757 aircraft. The airlines attained a single operating certificate from the FAA on November 30, 2011. That day, all Continental Airlines flights began to use the "United" callsign during air traffic control communications. This marked the end of Continental Airlines.

There has been some public negative reaction to the new United livery among United employees and frequent flyers and fans, with petitions on social networking sites such as Facebook and Twitter to save the pre-merger United Saul Bass logo and livery. Management may have taken note of this negative reaction when it changed the font of the new livery to the current all-caps san serif font closer to the latest United Airlines font, from the originally proposed title caps serifed font similar to the latest Continental font, though management has never publicly provided a reason for this change. A Boeing 777–200 with tail number N794UA was the last aircraft to receive United's blue and white livery.
The new United is the second largest airline in terms of fleet size, while Delta Airlines remains the largest. The combined airline houses a fleet of over 700 aircraft, surpassing 'American Airlines’ 621. There are also 118 aircraft on order, 50 from United, and 68 from Continental. The combined fleet features a mixture of Airbus and Boeing aircraft.

At the time of the merger with United, Continental was the fourth-largest airline in the US based on passenger-kilometers flown and the fifth largest in total passengers carried. Continental
operated flights to destinations throughout the U.S., Canada, Latin America, Europe, and the Asia-Pacific regions. Principal operations were from its four hubs at Newark Liberty International Airport, George Bush Intercontinental Airport (Houston), Cleveland Hopkins International Airport and Antonio B. Won Pat International Airport in Guam. The only Continental hubs to be rebranded are Hopkins International Airport and Houston's George Bush Intercontinental Airport. The Newark hub began the rebranding process on October 19, 2011 with all United-operated ticket counters and gates to be rebranded in Phase One; Phase Two of rebranding at Newark began in 2012 with Continental ticket counters and gates to be rebranded. On November 30, 2011, Continental officially merged with United and no longer operates as a separate airline.

Though the single operating certificate was acquired and all flights use the United callsign, some Continental Airlines flights continued into 2012. On March 3, 2012, Continental's passenger reservation system and frequent flyer program was merged into United. The last Continental Airlines flight taking off was "Continental Flight 1267", flying from Phoenix to Cleveland, and arriving into Cleveland as "United Flight 1267".

The combined airline serves up to 370 destinations, from 10 hubs.
Corporate identity

United 777-200ER in new livery after merger with Continental Airlines

The designer Saul Bass designed the Continental "Jet Stream" logo in the late 1960s. In the 1990s the design agency Lippincott introduced the globe logo. Before it merged, Continental's livery consisted of a white fuselage, with the globe in blue and gold, and a gray underside. The combined United Airlines adopted the pre-merger Continental Airlines livery and logo following the merger.

Slogans

- More Airline for Your Money (mid 90's)
• One Airline Can Make a Difference (early 90's - introduced with the "Globe" livery)
• Working To Be Your Choice (1989)
• Up Where You Belong (1987)
• The Only Airline Worth Flying (1985)
• We Really Move Our Tail For You (1975-1979)
• If You Can't Fly Continental, Try To Have a Good Trip Anyway (1970's)
• The Airline That Pride Built (1968)
• The Proud Bird With The Golden Tail (1967-1981)

Company affairs

Headquarters

77 West Wacker Drive the airline's final headquarters

At the time of its integration with United Airlines, Continental had its headquarters at in the Chicago Loop of Chicago, Illinois.

Continental Airlines previously had its headquarters in the Continental Center building in the Cullen Complex in Downtown Houston.

On October 31, 1937, Continental moved its headquarters to Stapleton Airport in Denver, Colorado. Robert F. Six arranged to have the headquarters moved to Denver from El Paso, Texas because Six believed that the airline should have its headquarters in a large city with a potential base of customers.

At a 1962 press conference in the office of Mayor of Los Angeles Sam Yorty, Continental Airlines announced that it planned to move its headquarters to Los Angeles in July 1963. In 1963 Continental's headquarters moved to a two story, $2.3 million building on the grounds of Los Angeles International Airport in Westchester, Los Angeles, California. The July 2009 Continental Magazine issue stated that the move "underlined Continental's western and Pacific orientation."

On July 1, 1983 the airline's headquarters were relocated to the America Tower in the Neartown area of Houston, and would remain there until relocation to downtown in 1998. Stephen M. Wolf, the president of Continental said that the company moved its headquarters because Houston became the largest hub for Continental.

In January 1997 Continental occupied 250,000 square feet (23,000 m²) of space at the America Tower. In addition it had 200,000 square feet (19,000 m²) of office space in a building in proximity to George Bush Intercontinental Airport and 75,000 square feet (7,000 m²) in a building located on Fuqua Road in Houston. The airline planned to move into a new headquarters site; originally it wanted a single site for its operations. In September 1997 the airline officially announced that it would consolidate its Houston headquarters in Continental Center I. The airline scheduled to move around 3,200 employees in stages beginning in July.
1998 and ending in January 1999. The airline consolidated the headquarters operation at the America Tower and three other local operations into Continental Center I and Continental Center II in the Cullen Center.

After the September 11 attacks and by September 2004 Continental laid off 24% of its clerical and management workers. Despite the reduction of the workforce, Continental did not announce any plans to sublease any of its space in Continental Center I and Continental Center II.

In 2008 Continental renewed its lease for around 450,000 square feet (42,000 m²) in Continental Center I. Before the lease renewal, rumors spread stating that the airline would relocate its headquarters to office space around Geeorge Bush Intercontinental Airport due to high fuel costs affecting the airline industry; the rumors stated that the airline was studying possibilities of less expensive alternatives to Continental Center I. The parties did not reveal the terms of the lease agreement.

In 2010, Continental Airlines and United Airlines announced that they would merge and that the headquarters of the combined company would be in the Chicago Loop in Chicago. The airline has not stated how much of the 480,000 square feet (45,000 m²) of space that it leases in Continental Center I will be vacated. As of 2010 Continental had around 3,000 clerical and management workers in its Downtown Houston offices. According to As of 2010 Continental leases 450,000 square feet (42,000 m²) in Continental Center I, about 40% of the tower's office space. United has begun to move employees to a new operations center in the Willis Tower (former Sears Tower) and one thousand are expected by the end of 2010. As of September 2011 Continental continues to have employees at Continental Center I, which is now a former headquarters. About half of the existing employee base will remain in the building. As of September 2011 Continental continues to occupy space at Continental Center I, now a former headquarters, and another building. Half of the previous number of employees will work in Downtown Houston. Some job positions were eliminated. Some employees were transferred to Chicago.