Department of Justice

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DEPARTMENT ANNOUNCES TENTATIVE SETTLEMENT IN NORTHWEST-CONTINENTAL LAWSUIT

Agreement Would Require Northwest to Divest Controlling Interest in Continental

WASHINGTON, D.C. – Acting Assistant Attorney General A. Douglas Melamed, in charge of the Department's Antitrust Division, issued the following statement after Northwest Airlines Corp. and Continental Airlines Inc. signed an agreement in principle requiring Northwest to sell its controlling interest in Continental:

> **"The agreement is a victory for consumers, who will benefit from lower fares and better airline service. This is the result we have sought all along. It will ensure that Northwest and Continental remain independent competitors."**

Trial of the Department's lawsuit challenging Northwest's acquisition of a controlling interest in Continental's stock began on November 1, 2000, before Judge Denise Page Hood in U.S. District Court in Detroit. In light of the carriers' agreement, the Department is joining with the defendants to request Judge Hood to postpone resumption of the trial until November 14, so that the carriers and the Department can prepare the necessary documents and court filings. Settlement of the lawsuit is contingent upon the Department's approval of the defendants' formal agreement documents, and must be approved by the Court.

Northwest acquired stock representing more than 50 percent of the voting interest in Continental in 1998 and entered into a separate marketing alliance at the same time. The Department filed a lawsuit in October 1998, alleging that the stock acquisition would harm consumers in various markets in which the two carriers compete. From the outset of the case, the Department sought divestiture by Northwest of its Continental stock. Under the terms of the agreement in principle, Northwest would divest all but seven percent of the voting interest in Continental and would be subject to significant restrictions upon its ability to vote any stock it retains. The carriers have extended the term of their marketing alliance, during which no other major airline may merge with or otherwise acquire control of Continental without Northwest's consent.

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