

Continental Airlines Comments on Delta/Northwest Merger Announcement

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Continental Airlines (NYSE:CAL) released the following message to its more than 45,000 employees from Larry Kellner, Chairman and Chief Executive Officer, and Jeff Smisek, President, in response to last night's announcement that Delta Air Lines (NYSE:DAL) and Northwest Airlines (NYSE:NWA) have agreed to merge:

Dear Co-worker,

You have probably heard that Delta and Northwest Airlines last night announced plans to merge. This merger will change the competitive landscape for Continental and the entire airline industry.

As we've said repeatedly for more than a year and a half, our preference has been to remain independent as long as the competitive landscape remained the same. However, the landscape is changing. We will review our strategic alternatives and make sure we remain a strong long-term competitor. As always, our goal is to do what is best for you, our co-workers, and our shareholders, customers and the communities we serve.

One important result of last night's announcement is that it enables us to redeem the "Golden Share" that Northwest owns in Continental. We will also review our continued participation in the alliance with Northwest, Delta and SkyTeam, as we evaluate what course of action would be in Continental's best interest. We will communicate any changes that result from that review.

As we consider our alternatives, we want to emphasize that we have great strengths. As you know, Continental is an industry-leading airline noted for our Working Together culture. We have an enviable position in the New York market, along with established hubs in Houston, Cleveland and Guam. Our newly acquired access to Heathrow improves our standing in the trans-Atlantic sector, and we have a comprehensive Latin America network and a growing portfolio of routes to India and Asia, including the major Japan and China markets. Continental has the youngest, most fuel-efficient fleet and best new aircraft order book among the major network carriers. And most importantly, we deliver award-winning service to our customers, thanks to your hard work every day.

The proposed Delta/Northwest transaction is complex, and will be subject to shareholder approvals and a lengthy and rigorous regulatory review process before the transaction can close. During this period -- which will likely take at least six months -- the two airlines must continue to operate at arm's length as independent companies. Despite last night's news, and the speculation about our future that it will provoke, we all need to remain focused on what we do best every day: running a clean, safe and reliable airline with the best customer service provided by the best co-workers in the business. As we've always done in the past, we'll keep up our open, honest and direct communication with you as the future unfolds.

As Continental considers its strategic alternatives, we will do what we need to do to continue our success and to protect the future of Continental Airlines in a rapidly changing airline industry.

Thanks for all you do for Continental every day.

Larry Jeff

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