

BEFORE THE
DEPARTMENT OF TRANSPORTATION
WASHINGTON, D.C.

2019 U.S.-HANEDA COMBINATION SERVICES
ALLOCATION PROCEEDING

:
: Docket DOT-OST-2019-0014
:
:

APPLICATION OF UNITED AIRLINES, INC.

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APPLICATION OF UNITED AIRLINES, INC.

United¹ submits its Application for an allocation of six daytime slot pairs at Tokyo International Airport (“Haneda”) pursuant to the Department of Transportation’s (“Department”) Instituting Order, commencing the 2019 Haneda Combination Services Allocation Proceeding.²

United applies for a total of six Haneda slot pairs for daily, year-round, nonstop service to Haneda from the following hub cities in order of priority:

- **First Priority:** Three slot pairs for service to Haneda from Newark Liberty International Airport (“Newark Liberty” or “Newark/New York”), Chicago O’Hare International Airport (“Chicago”), and Washington-Dulles International Airport (“Washington, D.C.”).
- **Second Priority:** One slot pair for service to Haneda from Los Angeles International Airport (“Los Angeles”).
- **Third Priority:** Two slot pairs for service to Haneda from George Bush Intercontinental/Houston Airport (“Houston”) and A.B. Won Pat Guam International Airport (“Guam”).

¹ Common names are used for airlines.

² See DOT Order 2019-2-5, Docket DOT-OST-2019-0014 (Feb. 7, 2019) (“Instituting Order”).

United's proposed Haneda service will offer new incremental service to Haneda from Newark/New York, Los Angeles and Guam to meet growing demand. The remaining proposed slot pairs for Chicago, Washington, and Houston service will shift United's existing service from Narita International Airport ("Narita") to Haneda to better serve consumers and communities across the United States. (See Exhibit UA-100) The end result will be Haneda and Narita service that is strategically deployed across the U.S. for maximum public benefit. (See Exhibit UA-101) Haneda would be served via East Coast hubs at Newark/New York and Washington, D.C. Chicago–Haneda service would benefit consumers in the Midwest and Houston–Haneda service aims to provide consumers an alternate hub to those likely proposed by American and Delta in the South and Southeast. West Coast consumers and communities would have the choice of Haneda service at either San Francisco International Airport ("San Francisco") or Los Angeles. Finally, United would add to its existing Guam–Tokyo service the first ever daily, scheduled service between Guam and Haneda – allowing Guam's tourism industry to compete effectively with Hawaii for the large Japanese market. As for Narita, United will continue to provide service from its East Coast hub at Newark/New York, from the central U.S. via Denver International Airport, which is well situated to connect Narita with more than 60 points across the central and eastern United States. United will also continue to serve Narita from its West Coast Asia/Pacific gateway at San Francisco, as well as from Los Angeles.

United believes that the Department will be able to meet each carrier's request in part. United respectfully submits that no competing application should be allocated at the expense of United's first priority request for slot pairs between Haneda and Newark/New York, Chicago, and Washington, D.C. Once first priority requests have been granted, United's second and third priority requests for Los Angeles, Houston and Guam, respectively, should be granted prior to

other airlines' requests because United is in the best position to maximize use of the Haneda slot pairs for the public benefit.

United's application is already receiving support from elected officials including Texas Senator John Cornyn, Illinois Senators Richard Durbin and Tammy Duckworth, New Jersey Senators Cory Booker and Robert Menendez, Texas Congressman Kevin Brady, California Congressman Doug LaMalfa, Illinois Governor JB Pritzker, Virginia Senate and House of Delegate leadership Speaker M. Kirkland Cox and Senate Majority Leader Thomas Norment, and Guam Governor Lourdes A. Leon Guerrero. Our application has also received the support from local and business groups including from the Japanese Chamber of Commerce of New York, Choose: New Jersey, World Business Chicago, A.B. Won Pat International Airport in Guam, and the Guam Visitors Bureau. *See* Attachment 1.

United asks that the requested slot allocations be made as soon as possible so that United can secure foreign authority and commence planning, marketing, and sales for the proposed Haneda flights well in advance of the planned March 31, 2020 start-up date. United's service proposal and supporting materials responding to the Department's Evidence Request are contained in Section IV of this Application and in United's exhibits that follow.³

EXECUTIVE SUMMARY

United supports United States and Japanese Government efforts to liberalize aviation between the U.S. and Tokyo to the benefit of consumers and communities. United looks forward to the United States and Japan signing a formal aviation accord later this year. Expanding access at Tokyo Haneda is an exciting development in the relationship between the two countries, and with the forthcoming 2020 Olympics in Tokyo, new Haneda service presents an opportunity for

³ Supporting data and analysis in this Application has been provided by Compass Lexecon.

United and other carriers to facilitate economic trade and generate extraordinary benefits for consumers and communities.

As the operator of the world's most comprehensive route network, including the most capacity to Narita of any U.S. airline, United is ideally positioned to maximize consumer choice and access, now and in the future. United's Application provides the Department with an opportunity to significantly enhance U.S.-Japan air travel by providing more and better opportunities for U.S. consumers. A full award of United's proposal will offer seamless access to Haneda via nonstop flights from six key business, government and cultural hubs across the mainland United States on the leading U.S. carrier serving the region, with each hub offering a unique case for new service to Haneda. (*See infra* Section II) These new flights would unlock single-connection itineraries to Haneda from more than 100 airports throughout the U.S. And United's new Guam-Haneda flight would inject new competition in the Guam-Japan market.

United's Application for new Haneda slot pairs reflects its recognition of the convenience that Haneda's close-in location offers to consumers traveling to and from Tokyo and the superior connectivity (compared to Narita) it offers to points throughout Japan. At the same time, United recognizes the continuing significance of Narita's role in the broader Asia/Pacific aviation market. In total, United would offer the most balanced options across the mainland U.S. to both airports in Tokyo. United will continue operating flights to Haneda from San Francisco while providing new Haneda service from two East Coast points – the largest U.S. metropolitan area at Newark/New York and the seat of the U.S. government in Washington, D.C. In addition, United would operate new flights to Tokyo Haneda from Chicago in the Midwest, a major logistics and business center, and Houston in the South/Southeast, the energy capital of the world. United also proposes to enter the Southern California-Haneda market by providing its own metal next to that of Delta and American at Los Angeles. Finally, United proposes to offer new service from Guam to Haneda.

United supports the Department's decision to competitively bid the newly available slot pairs at Haneda. As the Department has recognized in the past, the competitive bidding process allows the Department to maximize consumer and community benefits by considering which applicants will most likely offer and maintain service that best meets the needs of the traveling and shipping public.⁴ Granting United's proposal is consistent with the Department's principal goal in this proceeding to maximize public benefits:⁵ it will deliver demonstrable public interest benefits to consumers, promote geographic diversity among U.S. hubs, and provide competitive alternatives to the other U.S. carriers and Japanese carriers operating between the U.S. and Japan. In addition, United's six proposed frequencies will improve travel options – in some cases eliminating the need for an overnight stay for passengers from communities across the central and eastern U.S. traveling to Haneda. (*See infra* Section II) The proposal will also reduce travel times for consumers flying to Haneda, obviate the need for thousands of cumbersome Narita to Haneda surface connections for passengers traveling to points in Japan that are served via Haneda, vastly improve connectivity for thousands of U.S. military personnel stationed in Okinawa, and support community efforts to enhance economic activity.

Given the opportunities presented by the Department's Instituting Order, each carrier's request can be met in part. The Department must ensure that it allocates the frequencies in a way that balances the consumer benefits of each proposal on its merits. United's proposed routes will provide additional superior options for U.S. consumers and create enhanced opportunities for business engagement, economic growth, and strengthening cultural ties. As evidenced by the community support already received, and much more anticipated, the Department should grant

⁴ See 2016 U.S. Haneda Combination Services Allocation Proceeding Order Instituting Proceeding and to Show Cause, DOT-OST-2016-0048, at 2.

⁵ See Instituting Order at 2.

United's Application for new U.S.-Haneda slot pairs so that United can extend the benefits of Haneda service to consumers and communities across the country.

BACKGROUND

For more than 35 years, United has provided unparalleled and consistent service among U.S. carriers between the U.S. and Tokyo and is the only U.S. carrier to serve Tokyo from all of its hubs, a dedication to Tokyo that neither American nor Delta can come close to matching. (*See* Exhibit UA-160) Since the beginning of its investment in Japan, while other carriers have reduced or ended service to Tokyo and serve Tokyo from only a fraction of their hubs, United has made significant efforts to grow its U.S. hub-Tokyo service. (*See* Exhibit UA-160) In total, United serves 31 markets in the Asia/Pacific region, including destinations in Japan, Australia, China, French Polynesia, Hong Kong, Korea, New Zealand, Singapore, and Taiwan. (*See* Exhibit UA-158) United serves twice as many regional points as either Delta or American. (*See* Exhibit UA-161)

At its essence, this proceeding is fundamentally about ensuring enhanced access to Haneda for all U.S. carriers in a manner that benefits the most U.S. consumers, communities, and businesses. Until 2010, Haneda services were limited to primarily domestic operations and were unavailable to U.S. carriers for scheduled international operations. U.S. carriers were historically limited to operating U.S.-Tokyo scheduled services at Narita.⁶ It was not until the 2009 Memorandum of Understanding between the U.S. and Japan that the Department was presented with the "unique opportunity to facilitate the return of more convenient U.S.-Tokyo access for the traveling public."⁷ Since then, the Department has had additional opportunities to incrementally increase service to Haneda.

⁶ *See* Show Cause Order, Order 2010-5-7, Docket-DOT-OST 2010-0018 at 8 (May 7, 2010).

⁷ *Id.*

Tokyo is the world's largest megacity with a population of over 38 million people. Tokyo's population is nearly double that of the New York metropolitan region and dwarfs the Washington metropolitan area's population of 6 million. In fact, there are catchment areas within Tokyo that are larger than the entire Washington metropolitan area. As such, the significance and impact of consumer preferences for Haneda over Narita are not comparable to other cities with dual competing airports.

As the Department has recognized in past Haneda route cases⁸ and all U.S. carriers have consistently noted,⁹ access to Haneda is extremely important for airlines working to compete effectively in the Tokyo and broader Japan marketplaces. Flights into and out of Tokyo Haneda are sought after by consumers because of its proximity to the business center of downtown Tokyo,¹⁰ the convenience and accessibility of transportation, and the option for flights at night. Time-sensitive travelers in particular prefer Haneda as its proximity to central Tokyo allows them to maximize their amount of productive time in Tokyo. In addition, because Haneda is Tokyo's primary domestic airport, it offers substantially better connectivity to the rest of Japan than Narita. For example, ANA operates to 37 points in Japan from Haneda, 30 of which are not served by ANA at Narita. (*See* Exhibit UA-119) This infrastructure at Haneda enables more domestic connections without the need for a complex, unpredictable and time-consuming Narita-Haneda surface leg in Tokyo that can take several hours and involve multiple transfers. (*See infra* Section I-B)

⁸ *See* Dockets DOT-OST-2010-0018; and Docket DOT-OST-2016-0048.

⁹ *See, e.g.*, Application of American Airlines, Inc., DOT, OST-2016-0048 at 3 (“[N]o airline is more committed to growing at Haneda than American”); Application of Delta Air Lines, Inc., DOT-OST-2016-0048 at 11 (Apr. 21, 2016) (“Haneda is now the preferred international airport in Tokyo”); Application of Hawaiian Airlines, DOT-OST-2016-0048 at Exhibit HA-312 (“US-Japan passengers prefer Haneda to/from Hawaii”).

¹⁰ *See* Final Order 2015-6-14, Docket-DOT-OST-2010-0018 at 10, n.32 (June 15, 2015).

However, despite the significance of Haneda, the importance of Narita cannot be downplayed in U.S.-Japan and U.S.-Asia aviation. With a population in Tokyo of over 38 million, Narita will undoubtedly continue to serve as a key gateway for connections to points north and west of Tokyo and beyond Japan throughout Asia. In addition, Narita will continue to play an important role for United/ANA as a connecting point for U.S.-Asia/Pacific travel, just as it will for the American/JAL joint venture, the proposed Hawaiian/JAL joint venture, and similar to the key role Seoul Incheon International Airport (“Seoul”) plays for the Delta/Korean joint venture.

Between oneworld at Tokyo and SkyTeam at Seoul, the Star Alliance faces significant competition for service between the U.S. and Asia. When considering the three alliance portfolio hubs in Northeastern Asia – oneworld and Star at Tokyo, and SkyTeam at Seoul, just 700 miles from Tokyo – competition at a global alliance level is balanced. (*See Exhibit UA-162*) Sampling nonstop flights between the U.S. 50 states and Tokyo (both airports) and Seoul, the Delta/Korean partnership leads with 20 markets and 25 daily departures. The United/ANA partnership operates in 17 markets with 26 daily departures and American/JAL operates in 13 markets with 20 daily departures. Applying the analysis to a sample set of competing partnership services including the U.S. and 13 other countries/regions in Asia/Pacific (but excluding domestic operations in the U.S. 50 states, Japan, and Korea), Delta/Korean are again the leader, operating in 72 international markets with 101 daily departures. United/ANA operate in 50 markets with 77 daily departures and American/JAL operate in 39 markets with 58 daily departures. (*See Exhibit 162*) Further, each of these joint ventures can and do supplement their nonstop U.S. mainland-Asia/Pacific service via their northeast Asia regional gateways, ensuring robust competition among one another. These regional gateways enable one-stop travel itineraries such as U.S.-Bangkok as well as supplementing travel choices for consumers beyond multiple nonstop U.S.-Asia/Pacific services offered by United, American and Delta. For example, a passenger can choose to connect via the

Star Alliance gateway at Tokyo or the SkyTeam hub at Seoul when flying between the U.S. and Osaka, or the consumer could select United's or Delta's nonstop flights to Osaka. Similarly, a passenger could use oneworld's Tokyo hub for a connection between the U.S. and Hong Kong or could fly on American's nonstop flight to Hong Kong.

There is also significant competition in the U.S.-Tokyo market from fifth freedom carriers, such as Singapore and Air Asia X, and sixth freedom carriers such as Air Canada, Korean, Cathay, EVA and Chinese airlines. Together, non-U.S./Japanese carriers account for a total of 11% of bookings between the U.S. and Japan and 8% of bookings between the U.S. and Tokyo. The vast majority of United/ANA customers travel in city pairs with multiple travel options on other carriers. United's proposal will further contribute to this existing, active, and robust inter-alliance competition in the Asia/Pacific region. (*See* Exhibit UA-162; *see also infra* Section I-E)

ARGUMENT

I. UNITED WILL MAKE THE BEST USE OF SCARCE HANEDA SLOTS

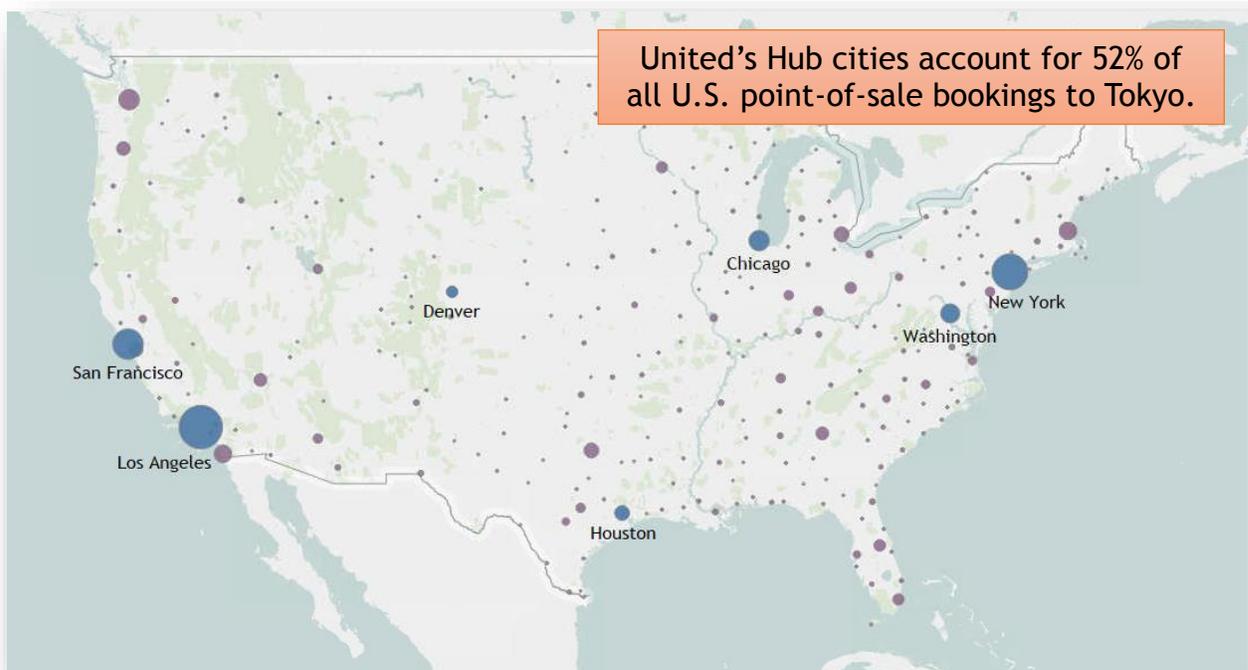
A. Among U.S. Carriers, United Will Put Additional Haneda Slots to Their Highest and Best Economic Use for Consumers

In maximizing the public interest through this route proceeding, the Department should focus on which carriers and routes will provide U.S. consumers with the most choice and convenience. United's Application in this route proceeding is uniquely suited to provide maximum choice and convenience for U.S. consumers seeking to travel to Tokyo and the surrounding region. The breadth and depth of United's extensive service in the Asia/Pacific region, using Tokyo as a key gateway, demonstrate that United can utilize valuable Haneda slot pairs to their highest economic use for the benefit of U.S. consumers. Currently, United serves 31 markets in the Asia/Pacific region, 1.3 times more than Delta and nearly three times more than American. United has invested the money and hard work to give U.S. consumers and communities

an expansive Asia/Pacific network that reaches 14 points, seven of which are open entry but neither Delta nor American have made an effort to pursue. United is the only U.S. carrier providing nonstop service to Singapore, Taipei and a secondary market in China from the U.S. mainland. Importantly, unlike Delta, United's service to these secondary markets in Asia has not come at the expense of its service to Tokyo. And, it is only United that is giving consumers flight options to Melbourne, Australia and French Polynesia. (See Exhibit UA-161)

Key to success in Japan, United's hub cities represent 52% of all U.S. point-of-sale bookings to Tokyo. (See Figure 1) And United's hubs account for 48% of U.S. point-of-sale demand for travel to all of Japan.

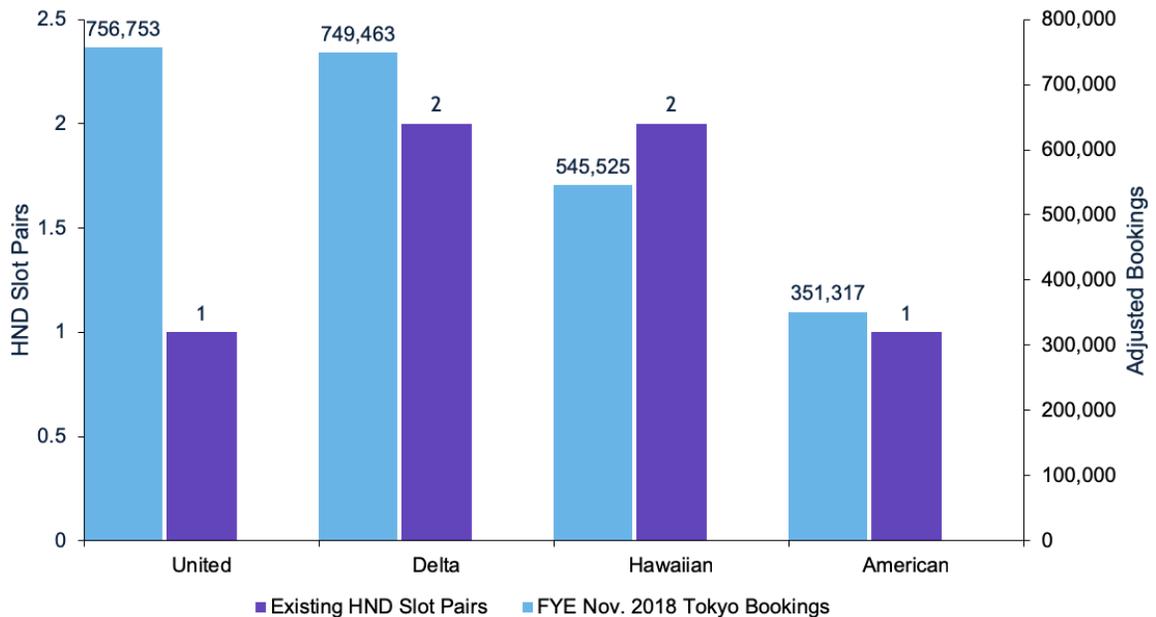
Figure 1



But, United's passengers currently have access to Haneda from only one city, even though United has the most Origin and Destination (O&D) passengers between the U.S. and Tokyo and is best able to deliver the most service options to passengers. (See Figure 2)

Figure 2

Number of Current Daily HND Slot Pairs vs. Annual Adjusted MIDT O&D Bookings Between the United States and Tokyo



United is uniquely positioned to make the best use of new Haneda slot pairs. Being able to give consumers at 112 U.S. points one-stop connecting service to Haneda, as United plans, plus convenient connecting access to 37 points in Japan operated by ANA at Haneda, is a benefit to U.S. consumers, communities, trade, and jobs. Awarding the requested frequencies will enable United to better serve U.S. consumers and communities than any competing proposal. Additional United flights will give consumers travel options between Newark Liberty and Tokyo Haneda and from Newark to Hakadate, Japan, and from San Antonio to Okinawa, Japan, and in multiple other markets.

United estimates that its U.S. mainland-Tokyo proposals will substantially reduce travel time for U.S. consumers connecting beyond Haneda to other points in Japan. This is because of

the high frequency of service between Haneda and other airports in Japan (*See* Exhibit UA-119 and Exhibit UA-120) as compared to Narita and/or by being able to eliminate lengthy ground transfers between Narita and Haneda for consumers who currently need to connect at Tokyo to other Japanese destinations. In analyzing the impact to consumers traveling on United from its hub cities of Newark/New York, Chicago, Washington, D.C., Los Angeles and Houston to a sample of Japanese points including Fukuoka, Hiroshima, Komatsu, Nagoya, Okinawa, Osaka, and Sapporo the overall Japan-bound time savings by United's five proposed nonstop Haneda flights from the U.S. mainland is approximately 9,000 hours. Applying this time savings to the U.S. Government's dollar estimate of one hour of travel at \$47.10, the consumer savings is estimated at more than \$400,000 annually. Extending the analysis to United's passengers who connect from points behind the carrier's hubs, the consumer savings rise to more than 16,000 hours and nearly \$800,000 annually for Japan-bound travelers alone.

Additionally, United is able to demonstrate time savings that its proposed Haneda flights will generate for consumers at an itinerary level. Again, the savings are realized when consumers are able to fly directly to Haneda and make a timely, and in most cases same-day, flight connection to other points in Japan. Consumers avoid the tiresome and challenging task of having to leave Narita and transfer either to Haneda for their onward flight or to a train that will take them by ground to their intended destination outside of Tokyo. The time savings by route vary but prove beneficial. United sampled five Japan-bound itineraries, each for one of its proposed U.S. mainland-Tokyo Haneda routes, and provides the following results:

- Consumers traveling between Newark/New York and Hakodate, Japan would see a time savings of over 16 hours from United's proposed Newark Liberty-Haneda flight compared to current travel times generated by United's flight to Narita. In this scenario consumers save time and money by not having to spend the night in a Tokyo area hotel because the last flight to Hakodate departs Haneda before a person could arrive at the airport after transferring across Tokyo from Narita. (*See* Exhibit UA-125)

- Consumers traveling between Chicago and Kumamoto, Japan and between Washington, D.C. and Nagasaki would see a time savings of over 14 hours and 13 hours, respectively, and an elimination of an overnight stay in Tokyo because of United's plan to switch its Chicago and Washington, D.C.-Tokyo services from Narita to Haneda. (*See Exhibits UA-134 and UA-138*)
- United plans to add a flight from Los Angeles to Tokyo Haneda (in addition to its Narita service) which would shorten travel times for consumers flying to Matsuyama, Japan by over six hours. (*See Exhibit UA-145*)
- Consumers traveling between Houston and Okayama, Japan would see a time savings of approximately two hours should United be allowed to change its Houston-Tokyo service from Narita to Haneda. (*See Exhibit UA-149*)

Additionally, United's proposed flights at Newark Liberty, Chicago and Los Angeles where ANA offers Tokyo Haneda service are planned at different times of day than existing ANA flights, thus giving consumers a different time-of-day travel choice. (*See Exhibits UA-124, UA-133, and UA-143*)

United's proposed routes will provide U.S. consumers with more choices and convenient options for flying to Tokyo Haneda via different United U.S. hubs. If approved, United's proposal will:

- Add three brand new flights to Tokyo from Newark Liberty, Los Angeles, and Guam;
- Give consumers in the large Newark/New York region first-ever Tokyo Haneda service at Newark Liberty (*See Exhibit UA-123*);
- Connect Haneda with the U.S.'s largest metropolitan area and center of finance and commerce, Newark/New York; with the most important logistics and transportation hub in the Midwest, Chicago; with the seat of the U.S. federal government, Washington, D.C.; with additional U.S. carrier service at Los Angeles; with the energy capital of the world, Houston; and one of the largest gateways for U.S.-Japan traffic, Guam.
- Provide Haneda service in the largest U.S. mainland-Tokyo market at Los Angeles, between Haneda and the two largest markets on the East Coast for Tokyo travel at Newark/New York and Washington, D.C., and between the largest and second largest central U.S. markets and Tokyo at Chicago and Houston, respectively (*See Exhibit UA-115*);

- Connect Haneda with 112 U.S. mainland airports which generate more than three million annual bookings to Tokyo and represent nearly two thirds of U.S.-Tokyo demand (*See Exhibit UA-114*);
- Provide consumers with superior access to 37 points across Japan that are served by ANA at Haneda and substantially reduce travel time from a U.S. point to a point in Japan. This is achieved either by eliminating time consuming ground transfers between Narita and Haneda and/or due to the high frequency of flights between Haneda and points in Japan compared to flights at Narita (*See Exhibit UA-119 and UA-120*);
- Give consumers in markets that already have a Haneda flight alternate departure times to select among for their travel needs (*See Exhibits UA-124, UA-133, and UA-143*);
- Allow Guam to compete with Hawaii for Japanese travelers who prefer Haneda as an origin or connecting point for their travel needs. Japanese tourists are critical to the economy of Guam and its employment base that relies on tourism; and
- Provide substantially more flight options for U.S. Armed Services personnel traveling between the United States and U.S. military bases in Okinawa and elsewhere in Japan. (*See Exhibit UA-113*)

B. Enhanced Access to Haneda Will Allow United to Continue to Provide Important Benefits to the Traveling Public

As described above, United has continuously demonstrated its commitment to proactively add to and build upon its U.S.-Asia network to better serve consumers. In order for United to continue this track record and enhance its best-in-class Japan service to better meet the traveling public's needs, United requires additional access to Haneda. Relative to Narita, access to Haneda provides unique benefits to U.S. passengers traveling to Tokyo and other destinations in Japan, many of which are well-recognized. Because Haneda is a preferred airport by consumers, United's ability to generate consumer and community benefits is prefaced on expanded access to the airport.

Notable attributes of Haneda include:

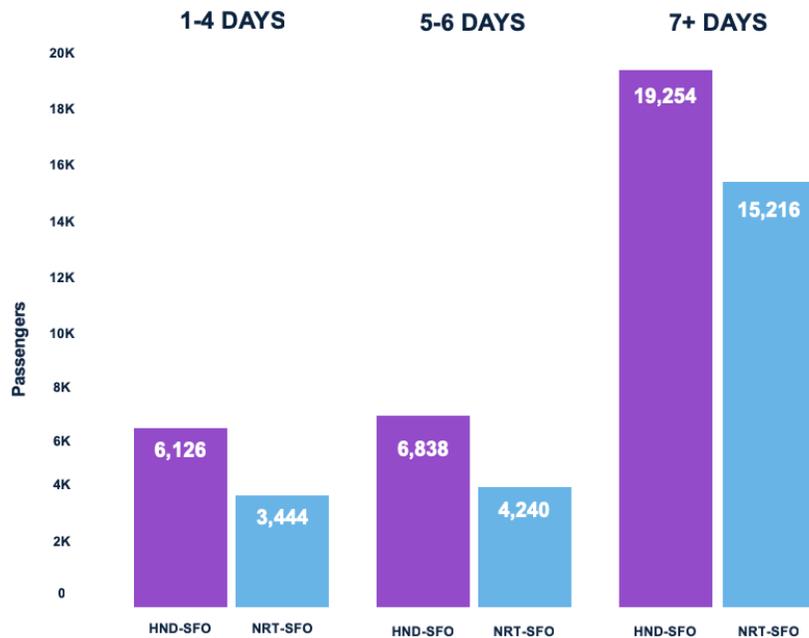
- Haneda is located only 12 miles south of central Tokyo while Narita is approximately 50 miles east of central Tokyo. Haneda is more conveniently located than Narita to central Tokyo, and hence closer to many popular business and tourist

destinations in the Tokyo metropolitan area. Only one Japanese company headquarters on Fortune’s Global 500 list is located closer to Narita than Haneda.

- Given its proximity to central Tokyo, time-sensitive U.S. travelers destined to Tokyo who want to maximize their amount of productive time in Tokyo prefer Haneda over Narita. Among United’s passengers traveling between San Francisco and Tokyo: 64% of passengers on trips of four days or fewer choose Haneda; 62% of passengers on trips of five or six days or fewer choose Haneda; and 56% of passengers on trips of one week or more choose Haneda. (See Figure 3)

Figure 3

United’s Nonstop O&D Passengers from San Francisco by Tokyo Airport by Length of Stay



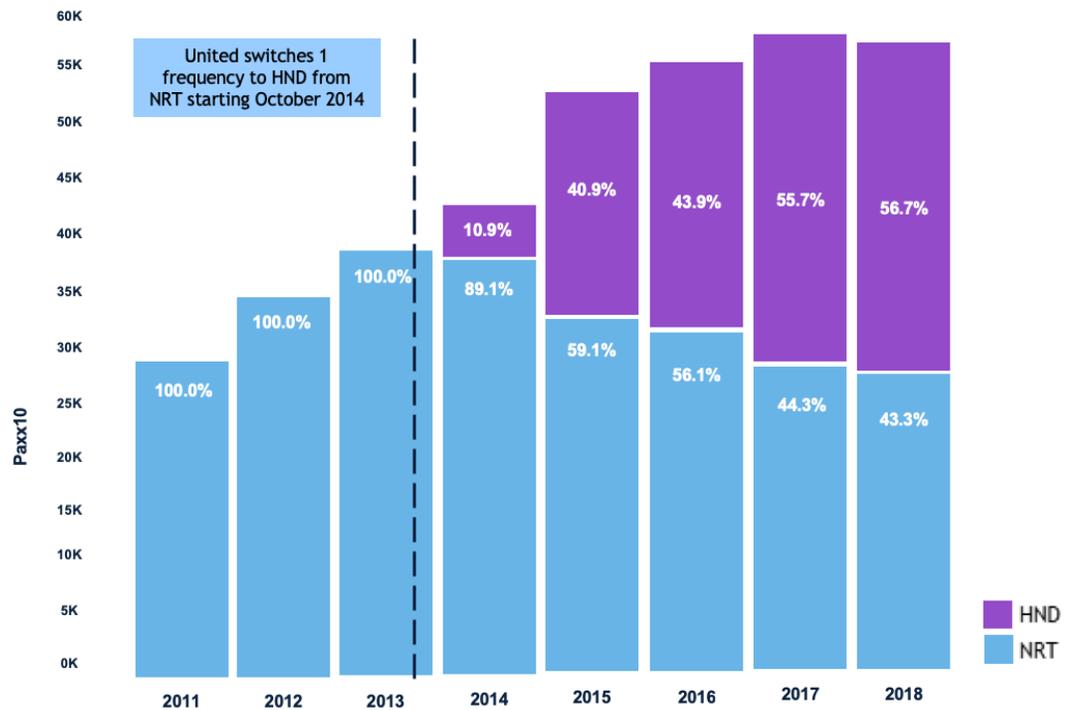
- Haneda’s close proximity to central Tokyo and superior ground transportation make it the preferred Tokyo airport for U.S. consumers. Ground transportation from Narita to Central Tokyo takes longer, is less frequent, and costs more than from Haneda. For example, Haneda’s airport monorail runs on average every four minutes and only takes 13 minutes to reach central Tokyo, while public transportation to Narita can take as little as 45 minutes to as much as three hours depending on traffic and congestion.

Given the 50-mile distance between the two airports, for passengers arriving at Narita who are making a domestic connection at Haneda, the surface connection can be extremely costly and unpredictable. Passengers from the U.S. arriving at Narita face a daunting, potentially multi-transfer journey via public transportation to make a domestic flight connection at Haneda. Given the extensive time required to make a Narita-Haneda surface connection, passengers arriving on several of United's flights to Narita (Newark/New York-Narita, Chicago-Narita, Washington, D.C.-Narita, Los Angeles-Narita, and Houston-Narita) are currently unable to make the last departure at Haneda to several Japanese destinations.

But most significantly, United's U.S. point-of-sale passengers traveling to Tokyo have a demonstrated preference for flying to Haneda. United consumers' preference for Haneda is evident from examining what happened when United switched one of its two daily San Francisco-Narita flights to San Francisco-Haneda in 2014. By 2018, almost 57% of United's U.S. point-of-sale San Francisco-Tokyo passengers elected to fly to Haneda. Moreover, United's average nonstop yield between San Francisco and Haneda is 12% higher than San Francisco-Narita yields – demonstrating the higher value its passengers place on access to Haneda. (*See Figure 4*) In addition, following the introduction of United's San Francisco-Haneda service, there was a substantial reduction in Narita-Haneda ground connections, and a dramatic increase in the number of passengers traveling to points in Japan beyond Tokyo.

Figure 4

**United U.S. Point-of-Sale Nonstop O&D Passengers
from San Francisco to Tokyo**



benefit of U.S. military personnel who are stationed there. As currently there is only a single daily flight by ANA from Okinawa to Narita, compared to 12 per day from Haneda, by adding nonstop services to Haneda from its other hubs, United will be able to significantly reduce travel times for U.S. service personnel returning home. (See Exhibit UA-113)

Additional Haneda slots for United will enable those passengers who have a preference for United's service the option to fly on United's metal. United and ANA's metal-neutral joint venture is a success and the carriers are wed to the concept of metal neutrality. Despite this commitment among the partners, United's internal data shows U.S. consumers have a preference for flying on United over ANA. On the six United and ANA overlapping transpacific routes between the U.S.

and Tokyo, United's nonstop booking share among U.S. point-of-sale passengers exceeds its seat share by an average of 10 percentage points. United notes that the fact that some U.S. consumers prefer United over ANA does not undermine the strong metal-neutral foundation of the joint venture, which is predicated on United/ANA being indifferent as to which partner carries any particular passenger. However, it is a reflection of the fact that some U.S. consumers may prefer access to United's Economy Plus seating, preferences for western meals, ease of the United website and app, among many decisional factors.

Given the market realities outlined above and the important role that Haneda plays in the market for U.S.-Japan travel, United should be awarded its request for the newly available Haneda slots pairs to continue to meet passenger demands.

C. United's San Francisco-Haneda Service Demonstrates the Benefits That Will Flow from United's Expanded Haneda Service Proposal

United's existing San Francisco-Haneda service demonstrates United's commitment to U.S.-Japan service, provides access to nearly 150,000 consumers annually, and serves as a model of how consumers and communities will benefit under United's expanded Haneda proposal. For example, in the 12 months ending November 2018, 146,035 consumers flew on United's San Francisco-Haneda flights and started or ended their travel in more than 200 cities across the U.S, including large metropolitan areas like Boston, Orlando, and Phoenix, as well as smaller communities like Hartford, Reno, and Spokane. Additionally, more than 62,000 consumers traveled on a connecting itinerary to/from Haneda (or a point beyond Haneda) via a connection at San Francisco. Approximately 25% of these connecting passengers traveled to Haneda on a single connect itinerary via San Francisco from a point in the central and eastern U.S. which would also be served by United to/from its other proposed Haneda gateways. A small fraction of these

consumers flew on double-connection itineraries, meaning a stop at another United hub in addition to a stop at San Francisco before departing for Haneda.

Under United's Haneda proposal, many of these connecting passengers will see an upgrade in travel choices, including additional options for flights, seats, and fares. For example, United's passengers traveling to Haneda from Boston, Orlando or Tampa via San Francisco could instead choose to connect to Haneda via a more convenient East Coast gateway such as Newark Liberty. Similarly, passengers departing from Indianapolis or Kansas City who currently fly to Haneda via San Francisco will benefit from additional choices from United's proposed Chicago-Haneda flight. The same opportunity for more connecting options exists for communities in the central U.S. and as far south as Texas. For example, a large number of United passengers travel to Haneda from Austin via San Francisco and would benefit from additional itinerary options via Chicago (and Houston) under United's Haneda proposal. And consumers in communities like Raleigh/Durham and Pittsburgh who are traveling to Tokyo would benefit from enhanced choices by being able to connect to Haneda via Washington, D.C. Finally, U.S. travelers residing near United's Houston hub in cities such as Dallas/Ft. Worth, Oklahoma City, and San Antonio will benefit from an additional connection option to Haneda via Houston.

United's Haneda proposal will also allow many passengers to have a single connection—rather than a double connection—and in some cases could eliminate the need for passengers to book overnight connections. For example, United passengers departing from Norfolk, Virginia are today forced to make two stops and spend the night at a United hub, which can take upwards of 40 or more hours. With expanded United service to Haneda from Newark Liberty, Chicago, and Washington, D.C., these consumers will have the option of an upgraded itinerary to a same-day, single connection to Haneda that amounts to about one-third of the elapsed time for the current double-connecting option. Consumers in Jacksonville, Providence, and Wichita would also see

current double-connection flights upgraded to same-day, single-connection itineraries. These increased choices not only result in a more pleasant travel experience for the consumer, but also provide significant time savings.

In addition to the above quantifiable benefits that consumers will experience from United's enhanced service in two-thirds of the U.S., United's proposed Los Angeles-Haneda service will supplement its San Francisco-Haneda service and give consumers in western communities additional travel choices. Today, United's San Francisco flight draws from nearly 40 cities in the western U.S., some of which are also served via Los Angeles, such as San Diego, Las Vegas and Phoenix. With the addition of United's Los Angeles-Haneda service, passengers from these other cities would have additional options for flights. United's experience with San Francisco-Haneda shows that adding more nonstop service to Haneda from United's other hubs would improve access for consumers in those cities and in communities served via United's hubs.

D. United's Proposed Hubs Will Support the Planned Haneda Service

United will make the best use of Haneda slots as its hub cities account for more than half of the U.S. point-of-sale adjusted bookings to Tokyo. (*See supra*, Figure 1) When U.S. consumers have more travel options, U.S. communities and businesses win, with more opportunities for business engagement, job growth, and cultural ties. United's proposal will support American businesses and help grow the U.S. economy by offering direct flights from six of the largest U.S. markets to Tokyo, a hub of 21st century global commerce. Five of United's proposed Haneda routes are among the six largest metropolitan areas in the U.S., and represent a population of approximately 56 million Americans. (*See Exhibit UA-110*) United's proposed routes are also key hubs where demand for flights to Tokyo is among the largest in the U.S. and in metropolitan areas with a higher overall Japanese-born population. (*See Exhibits UA-111 and UA-112*)

Today, United provides service between San Francisco and both Haneda and Narita. This dual flight benefit to consumers would be replicated at Newark Liberty and Los Angeles. The San Francisco-Haneda flight has a higher local O&D traffic component than San Francisco-Narita and 20% of passengers on the San Francisco-Haneda flight travel beyond Tokyo to points in Japan compared to 8% of passengers traveling beyond San Francisco-Narita to points in Japan. However, Narita is a critical piece to the United network as one-third of the passengers on this flight travel beyond Japan to points in Asia/Pacific. San Francisco-Tokyo is a large market like Newark/New York and Los Angeles-Tokyo. And like the San Francisco flights, both Newark/New York and Los Angeles have high local O&D traffic components. Thus, United anticipates that consumers would cross-utilize Haneda and Narita flights at Newark Liberty and Los Angeles in similar fashion as consumers who currently use United's San Francisco-Tokyo travel options:

- Consumers in each hub would have the choice of two flights to Tokyo, one each to Haneda and Narita;
- Consumers are anticipated to use Newark-Haneda and Los Angeles-Haneda for Tokyo travel needs and for connections to points in Japan; and
- Consumers are anticipated to use Newark-Narita and Los Angeles-Narita for their travel needs to Asia/Pacific, or if they are destined to points West of Central Tokyo.

United's Chicago-Narita and Washington, D.C.-Narita flights both have high percentages of passengers who connect from U.S. points beyond the hub and who travel to Tokyo or points in Japan beyond Tokyo. It is for this reason that United believes switching these flights to Haneda will drive increased consumer benefit.

United's Houston-Tokyo service plays an important role in the city's position as the energy capital of the world. Having access to Tokyo's preferred downtown airport will be an enhancement for the business and commerce currently traded among the two cities. Houston also connects key Latin America and Caribbean points with Tokyo. Of the Latin America

and Caribbean traffic on United's Houston – Narita service 80% is destined to Tokyo or other points in Japan. For these reasons, among others, United believes switching its Tokyo flight from Narita to Haneda will prove beneficial to its Houston consumer base and overall trade and commerce that flows through Houston.

The Guam-Tokyo market is large and consists primarily of Japan originating traffic which comes to the island and/or the outer-lying Micronesian Islands for leisure activity. Tourism is a key driver of the economy and jobs on Guam and the island rely on the Japanese market. United's proposed flight between Guam and Haneda will benefit the island by giving Guam the chance to compete with Hawaii in the Haneda-U.S. market. (*See* Exhibit UA-154) As Hawaiian has stated in its previous applications for Haneda service, Japanese tourism turns into jobs and other economic drivers for island communities, and Guam should be given the chance to compete for these economic drivers.¹¹ So not only can the large Guam-Tokyo market sustain a fourth United flight, the community will directly benefit from the additional Japanese tourism the flight will bring.

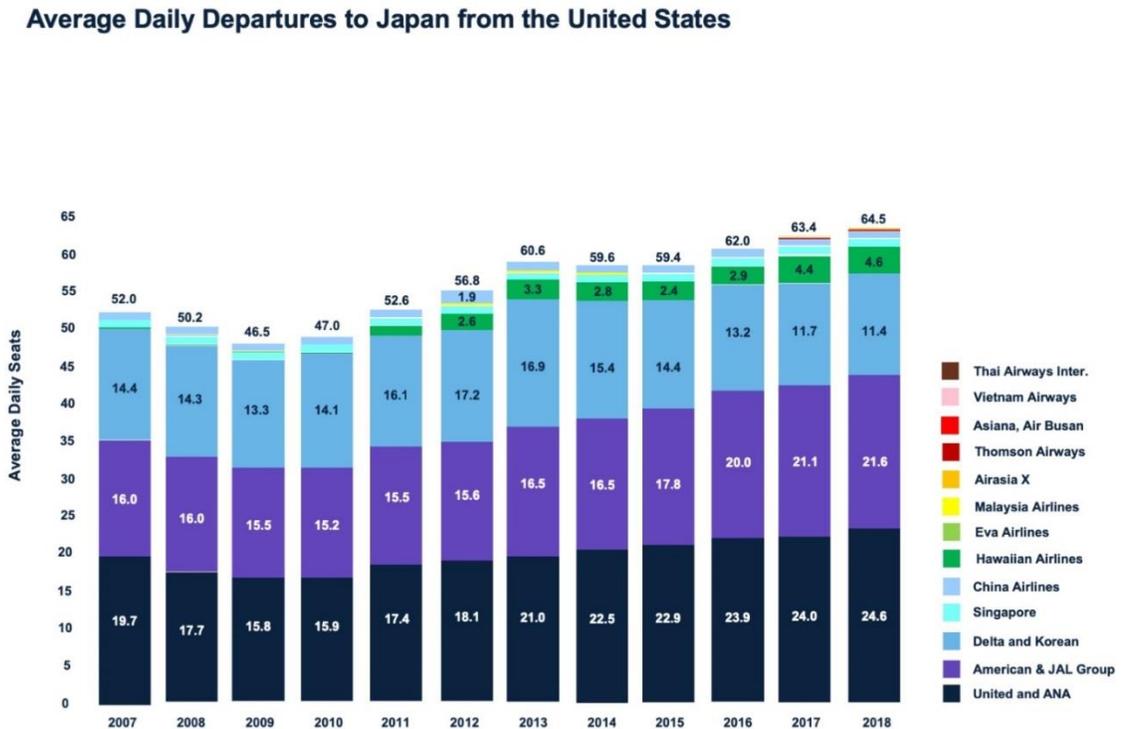
E. Unlike the Other U.S. Applicants, United Has Demonstrated a Longstanding Commitment to Tokyo as a Key Gateway in Asia Which Positions It to Make the Best Use of Haneda Slots

The Department should recognize United's longstanding commitment to Tokyo and the Asia/Pacific market as a factor that weighs heavily in favor of allocating additional frequencies to United at Haneda. Overall, the market for passenger air service between the U.S. and Japan is highly competitive and growing. Average daily departures to Japan from the U.S. have risen – the

¹¹ *See* Application of Hawaiian Airlines, Inc., DOT-OST-2016-0048, at 11, (Apr. 21, 2016) (noting that Hawaiian's service between Tokyo and Hawaii brought tourists to Hawaii who "spent money on hotels, restaurants, rental cars, tours, and retail purchases, which has generated significant economic activity." According to publicly-available data, Hawaiian estimated that the service generated \$564 million in direct spend and led to the creation of 2,337 new jobs, resulting in \$335.8 million in U.S. household earnings.); Application of Hawaiian Airlines, Inc., DOT-OST-2010-0018, at 4 (Feb. 16, 2010) ("Hawaiian's proposed service to Honolulu also will infused much-needed dollars into Hawaii's tourism-based economy.").

number of daily flights between the U.S. and Japan has grown from 52.6 in 2011 to 64.5/day in 2018. (See Figure 5) United’s actions in U.S.-Japan to date and its desire to gain additional slots at Haneda reflect its recognition of this demand.

Figure 5



Among the various competing parties:

- American/JAL has increased their daily frequencies from the U.S. to Japan from 15.5 in 2011 to 21.6 in 2018. And based on traffic flows, 94% of United/ANA U.S.-Tokyo bookings are on city-pairs where American/JAL offer competing service; and
- Hawaiian has grown from no service to Japan in 2009 to 4.6 daily flights in 2018, and Hawaiian holds twice the number of Haneda slot pairs as United.

However, recent carrier actions to devalue and deemphasize the Tokyo region specifically highlight United’s commitment and potential for success at Haneda. To the extent that other carriers’ requests are being considered against United’s proposal, the Department should consider

Delta and American's recent actions in Tokyo and Asia that detract from their requests in this proceeding. (*See infra* Section I.E.1 and I.E.2) In addition, Hawaiian's proposal should be considered in light of the fact that Hawaiian's current and potential future service offers little to no geographic diversity for U.S. consumers on a nonstop and connecting basis.

In 2018, United operated 184% more average daily departures to Tokyo than American, and 125% more than Delta. There are more hubs in American's network that currently do not have – and have never had – American-operated Tokyo service than hubs that do have flights to Tokyo. Historically, American has either lacked interest or ability to operate to Tokyo from Charlotte, Miami, New York JFK, Philadelphia, and Phoenix. Said another way, American operates service to Tokyo from just 37% of its hubs. American should first attempt success at Narita from these hubs before potentially seeking limited entry route rights at Haneda for these locations. Similarly, Delta canceled Tokyo service from its hubs in Salt Lake City in 2011 and New York in 2016, and presently operates to Tokyo from only 71% of its hubs. Since 2014 alone, Delta has terminated service, voluntarily, between Tokyo and five points in the U.S. United, in contrast, serves Tokyo nonstop from 100% of its hubs, and through this Application, wants to further its commitment to the Japanese market. (*See Exhibit UA-160*) United is the only global network carrier that provides nonstop service to Tokyo from all of its hubs, and United has maintained and even increased its level of service to Tokyo. (*See Exhibit UA-160*) Moreover, United's joint venture with ANA has led to both carriers experiencing a dramatic increase in flow traffic to Tokyo since 2011, and this success and robust growth will lead to United making the best use of additional frequencies to Tokyo at Haneda.

1. American's Actions and Statements Show Its Lack of Commitment to Asia as A Whole

American has been quite explicit in its devaluation of Tokyo as a viable market. In August, Vasu Raja, American's Vice President of Network Planning, characterized American's Chicago-Tokyo route as a "colossal loss maker."¹² In response, effective December 18, 2018, American reduced daily service to Tokyo from Chicago to just three times per week. Mr. Raja has also been quoted as saying:

"So for the last 20 years we just bet on everything. Any time we could add Tokyo, China, Seoul, you name it we would fly it. And we flew it for the most part at a loss... Some of our routes are profitable and have increased their profitability, on balance it's been unprofitable for us. Over the last 10 or 20 years it hasn't been as big of an issue...[but] That's changed very meaningfully right now."¹³

United, in contrast, has maintained all of its service to Asia from Chicago, and continues to deploy significantly higher average gauge aircraft – 269 v. 226 seats – to Tokyo from Chicago. In fact, United serves nearly three times as many markets in Asia/Pacific as American. The heightened level of international competition that exists today in these markets will likely continue, and American's chances at developing profitable Asia/Pacific business remain slim. Additionally, with their highly public commitment to "never lose money,"¹⁴ longevity with any Asia/Pacific business that American has is unlikely. Indeed, as we file this, the Department, United, Delta, the City of Chicago, and consumers and communities across the U.S. await American to reveal plans for how it may attempt to revive 14 weekly frequencies it is warehousing that once flew to China from Chicago. We are all well aware of the consumer "disservice" that is playing out in regard to

¹² Grace Dobush, "Why American Airlines and Hawaii Airlines are Cutting Service to China," *Fortune* (August 22, 2018), <http://fortune.com/2018/08/22/american-airlines-china/>.

¹³ See After Dropping Chicago-Beijing, American Airlines Considers Ending All Chicago-Asia Flying, View from the Wing (Jun. 21, 2018), <https://viewfromthewing.boardingarea.com/2018/06/21/after-dropping-chicago-beijing-american-airlines-considers-ending-all-chicago-asia-flying/>.

¹⁴ Katie Kuehner-Hebert, "We'll Never Lose Money Again Says American Airlines CEO Doug Parker," Chief Executive (Feb. 20, 2018), <https://chiefexecutive.net/american-airlines-will-never-lose-money-says-ceo-doug-parker/>.

these frequencies not being operated by American. United suggests that the Department should be leery of an overreaching ask by American in this proceeding as the fate of Haneda flights will likely follow those of American's failed Chicago services to China and Narita.

2. *Delta's Recent Actions Demonstrate Its Shift of Focus from Tokyo to Seoul*

Delta has not shown the same commitment as United to the Tokyo market. Delta has reduced its average daily departures to Tokyo by 39% since 2011 while increasing them to other Asian destinations (most notably Seoul, to which Delta has increased its daily departures from less than one per day in 2011 to nearly four per day in 2018). Over the past five years, Delta has terminated Tokyo service in five U.S. markets and has reduced frequencies in three additional markets. United, meanwhile, has increased its daily departures to Asia by 127% while maintaining its U.S.-Tokyo service over that same period and adding service to Tokyo from San Francisco and Denver.

Delta's de-emphasis of Tokyo is part of its strategic plan. As far back as 2013, Delta's CEO Ed Bastian said unequivocally that "part of the strategy is to reduce the concentration in Japan with some additional flying both to Korea, as well as China."¹⁵ Just last year, Delta proudly announced that "Seoul Incheon will continue to grow as a major Asia gateway for Delta and Korean Air."¹⁶ This growth comes at the expense of Delta's commitment to Tokyo, and since 2011 the share of Delta's passengers connecting in Asia who use Narita as their international connecting gateway has fallen from 96.9% to just 52.2%. This lack of commitment to Tokyo, and strategic focus elsewhere, will prevent Delta from successfully operating service into Haneda in the future. It is disingenuous for Delta to claim that its voluntary actions to leave Tokyo – as part

¹⁵ Delta Earnings Call transcripts, Q3, 2013.

¹⁶ See <https://news.delta.com/delta-and-korean-air-launch-world-class-joint-venture-partnership>

of the carrier's "strategic plan" – and self-imposed diminishing presence in Tokyo are the very reasons that it should be more deserving than any other carrier in this proceeding.

II. A FULL AWARD OF UNITED'S FIRST PRIORITY PROPOSAL WILL MAXIMIZE THE PUBLIC BENEFITS FROM THESE VALUABLE HANEDA OPPORTUNITIES

A. United's Proposed Newark Liberty-Haneda Service Will Add Additional Haneda Service from Key U.S. Gateway in the Largest U.S.-Tokyo Market Outside the West Coast

United's top priority request from Newark/New York would create a bridge between each country's center for commerce and finance, creating more convenient options for consumers and business leaders in two of the largest cities in the world. Newark/New York is the largest on the East Coast for Tokyo demand. (*See* Exhibit UA-116) United's proposed nonstop service between Newark/New York and Haneda – and first ever service between Newark Liberty and Haneda – will complement its existing Newark Liberty-Narita service and will deliver significant public benefits by catering to the largest East Coast-Tokyo market, with more than 550,000 annual travelers (*See* Exhibit UA-126), and the second largest Japanese foreign-born community in the U.S. (*See* Exhibits UA-111 and UA-112) Indeed, Japan ranks third in foreign direct investment in New Jersey, and Japanese-owned companies employ more than 27,000 workers in New Jersey. (*See* Exhibit UA-127) The New Jersey/New York region is also home to 78 Fortune 500 companies, which is a key driver of demand for time-sensitive business travel to and from Haneda. (*See* Exhibits UA-127 and UA-128)

United has developed its Newark Liberty hub into a premier global gateway serving the Newark/New York metropolitan area. United's Newark Liberty hub operations continue to grow, with United and its United Express partners operating 94 daily nonstop flights to 70 international destinations. (*See* Exhibit UA-104) United's service to the Asia/Pacific region from Newark/New York is also significant, with service from Newark Liberty to Narita, Beijing, Shanghai, and Hong

Kong. (*See* Exhibit UA-121) Located just 14 miles from Manhattan, Newark Liberty serves in a critical role for the Newark/New York metropolitan area. The size of the market and the population surrounding the airport are what compels United to seek daily service at Newark Liberty.

Awarding Newark/New York-Haneda slots to United will allow United to provide convenient daily nonstop flights with departures between United's premier East Coast hub at Newark Liberty International Airport and close-in Haneda airport to the benefit of passengers in the large local Newark/New York-Tokyo market, as well as passengers traveling between points served behind United's Newark Liberty hub. Doing so will introduce first-ever Haneda service at Newark Liberty compared to multiple flight options between New York JFK and Haneda. (*See* Exhibit UA-123) Approximately four million people live within 20 miles of Newark Liberty and United's proposal would give this consumer base the convenience of flying from their local airport. (*See* Exhibit UA-127)

United's proposed Newark Liberty route will also provide more convenient options for U.S. consumers. United's proposal will connect Haneda with 43 U.S. airports, totaling 1.2 million annual Tokyo bookings. (*See* Exhibit UA-126) United's proposal will also simplify connections and, in some cases, eliminate the need for an overnight stay for connections to Haneda from smaller communities throughout the East Coast. For example, United passengers who today travel between Boston and Haneda via San Francisco could connect to Haneda via Newark Liberty, giving them a wider choice of flights, seats and fares. Similarly, passengers flying from major Florida cities such as Orlando and Tampa Bay will have additional options via United's proposed Newark Liberty to Haneda route.

Additionally, United's proposed Newark Liberty service will significantly improve time-of-day coverage for Newark/New York consumers traveling to Haneda. (*See* Exhibit UA-124)

For the proposed summer schedule, United flight UA131 will depart Newark Liberty at 11:00 a.m. and arrive at Haneda at 1:40 p.m. the following day.¹⁷ On the return, flight UA130 will depart Haneda at 5:10 p.m. and arrive at Newark Liberty at 5:05 p.m. the same day. (*See* Exhibit UA-170) These are at times of day not currently offered by ANA for its New York JFK-Haneda service. For the proposed winter schedule, United Flight UA131 will depart Newark Liberty at 11:00 a.m. and arrive at Haneda at 3:10 p.m. On the return, Flight UA130 will depart Haneda at 6:30 p.m. and arrive at Newark Liberty at 5:20 p.m. the same day. (*See* Exhibit UA-171) Summer flying times will be approximately 13 hours and 40 minutes westbound, and 12 hours and 55 minutes eastbound. (*See* Exhibit UA-170)

B. United's Proposal Chicago-Haneda Service Will Provide Important Service to the Largest Market in the Central U.S. for Demand to Tokyo from United's Key Hub

United proposes to move its existing Chicago-Tokyo service from Narita to Haneda as part of its first priority request. United's Chicago to Haneda proposal would connect the most important transportation and logistics hub in the Midwest to Haneda and provide more convenient options for U.S. consumers. With 9.5 million people, Chicago is the third largest metropolitan area in the U.S. (*see* Exhibit UA-110), and has the largest demand in the central U.S. for flights to Tokyo, with more than double the amount of demand of the next largest central U.S. gateway. (*See* Exhibit UA-117) Chicago O'Hare is United's hometown hub and one of the busiest airports in the world, and provides competition to American's Chicago hub and Delta's hubs at Detroit and Minneapolis. United and its United Express partners operate 48 daily nonstop flights to 34 international destinations at Chicago O'Hare, and United provides service from Chicago to four destinations in Asia, with an average of four daily departures. (*See* Exhibit UA-105) United's

¹⁷ All times referenced throughout this Application are local.

Chicago proposal will connect Haneda with 80 U.S. airports, totaling 1.6 million annual Tokyo bookings. (*See Exhibit UA-135*)

Multiple factors support demand for travel between Chicago and Haneda. First, the Japanese foreign-born population in the Chicago metropolitan area is the highest in the central U.S., making Chicago an important gateway for scheduled service to Haneda. (*See Exhibit UA-111*) Second, the demand for business travel between Chicago and Tokyo is supported by Chicago's multiple corporate headquarters – there are 37 Fortune 500 companies in Illinois – and numerous Japanese companies have head offices or large facilities near Chicago, including Amada, Toshiba Machine, and NTN Corporation. Japan ranks third in foreign direct investment in Illinois, and Japanese-owned companies employ more than 43,000 workers in Illinois. (*See Exhibit UA-136*) United's Chicago proposal would thus connect this primary Midwest travel and commerce hub to Haneda.

United's proposed Chicago route will also provide more convenient options for U.S. consumers by simplifying connecting itineraries. For example, consumers in Indianapolis and Kansas City who today fly to Haneda via United's San Francisco flight will benefit from increased travel choices from United's proposed Chicago flight. The same opportunities will benefit communities in the central U.S., including Austin, Texas, which represents one of the larger bases of United passengers traveling to Haneda via San Francisco.

United's Chicago proposal will also enhance time-of-day schedule utility to Haneda for Midwest consumers as its flights are proposed at different time channels than ANA's operations. (*See Exhibit UA-133*) For the proposed summer schedule, United flight UA881 will depart Chicago O'Hare at 12:45 p.m. and arrive at Haneda at 3:55 p.m. the following day. On the return, flight UA882 will depart Haneda at 5:45 p.m. and arrive at Chicago O'Hare at 3:45 p.m. the same day. (*See Exhibit UA-172*) For the proposed winter schedule, United Flight UA881 will depart

Chicago O'Hare at 12:00 p.m. and arrive at Haneda at 4:30 p.m. On the return, Flight UA882 will depart Haneda at 6:45 p.m. and arrive at Chicago O'Hare at 3:35 p.m. the same day. (See Exhibit UA-173) Summer flying times will be approximately 13 hours and 10 minutes westbound and 12 hours eastbound. (See Exhibit UA-172)

C. United's Washington-Dulles-Haneda Proposal Will Provide Competitive Service to the Second Largest East Coast Market for Demand to Tokyo

United proposes to move its existing Washington, D.C.-Tokyo service from Narita to Haneda as part of its first priority request. Washington-Dulles is the largest airport in the Washington, D.C. metropolitan area, which is the sixth largest metropolitan area in the U.S. (see Exhibit UA-110) and has the second highest demand on the East Coast for flights to Tokyo. (See Exhibit UA-116) Washington-Dulles is also one of the nation's busiest airports, serving nearly 22 million passengers per year. United and its United Express partners operate 37 daily nonstop flights to 31 international destinations, including service to two destinations in Asia, with an average of two daily departures. (See Exhibit UA-106) United's Washington, D.C. proposal will connect Haneda with 35 U.S. airports, totaling 1.2 million annual Tokyo bookings. (See Exhibit UA-139)

Multiple factors support demand for travel between Washington, D.C. and Haneda. First, the Japanese foreign-born population in the Washington, D.C. metropolitan area ranks second highest on the East Coast (surpassed only by the Newark/New York metropolitan market). (See Exhibit UA-111) Second, Washington, D.C. is a key destination for political and economic links to international capital cities like Tokyo, and also has a growing technology sector that will serve as a second base for Amazon's corporate offices. Third, Japan ranks third in foreign direct investment in Virginia, and Japanese companies employ more than 15,000 workers in Virginia.

Additionally, Washington-Dulles is among the top ten destinations for military personnel flying to and from Okinawa. (*See Exhibit UA-140*)

United's proposed Washington-Dulles route will also provide more convenient options for U.S. consumers by simplifying connections and, in some cases, eliminating the need for an overnight stay for connections to Haneda from smaller communities throughout the East Coast. For example, U.S. consumers traveling to Haneda from communities like Raleigh/Durham and Pittsburgh would have better itinerary options connecting through Washington, D.C. than they do with United's current offerings.

For the proposed summer schedule, United flight UA803 will depart Washington-Dulles at 12:40 p.m. and arrive at Haneda at 3:25 p.m. the following day. On the return, flight UA 804 will depart Haneda at 4:10 p.m. and arrive at Washington-Dulles at 3:50 p.m. the same day. (*See Exhibit UA-174*) For the proposed winter schedule, United Flight UA803 will depart Washington-Dulles at 12:30 p.m. and arrive at Haneda at 4:45 p.m. On the return, Flight UA804 will depart Haneda at 5:00 p.m. and arrive at Washington-Dulles at 3:30 p.m. the same day. (*See Exhibit UA-175*) Summer flying times will be approximately 13 hours and 45 minutes westbound, and 12 hours and 40 minutes eastbound. (*See Exhibit UA-174*)

D. United's Proposed Los Angeles-Haneda Service Will Continue to Serve the Largest Market for U.S. Mainland-Tokyo Demand and Enhance U.S. Carrier Competition in the Southern California-Japan Market

United proposes to add to its existing Los Angeles-Narita service with a flight to Haneda as its second priority request. Los Angeles is the second largest metropolitan area in the U.S. and is the market with the highest demand for U.S. mainland flights to Tokyo. (*See Exhibit UA-115*) United's proposed service at Los Angeles would give United the opportunity to compete metal to metal with American and Delta and more broadly in the Southern California-Japan marketplace. (*See Exhibit UA-144*) Los Angeles is also one of the nation's busiest airports. United and its

United Express partners operate an average of 12 daily nonstop flights to nine international destinations, including service to four destinations in Asia/Pacific, with an average of four daily departures. (*See Exhibit UA-107*) United's Los Angeles proposal will connect Haneda with 13 U.S. airports, totaling 1.6 million annual Tokyo bookings. (*See Exhibit UA-146*)

Multiple factors support demand for travel between Los Angeles and Haneda. First, the Japanese foreign-born population in the Los Angeles metropolitan area is the highest in the country, making Los Angeles an important gateway for scheduled service to Haneda. (*See Exhibit UA-112*) Second, Los Angeles is home to multiple corporate headquarters and Japanese companies with operations in California, including Toyota, Honda, SoftBank, Mitsubishi, Mizuho, and Mazda. (*See Exhibit UA-147*) Third, Japan ranks fourth in foreign direct investment in California, and Japanese owned companies employ more than 119,000 workers in California. (*See Exhibit UA-147*) Additionally, cities in Los Angeles' catchment area (e.g., San Diego and Palm Springs) are among the top destinations for military personnel traveling to and from Okinawa. (*See Exhibit UA-113*) United's Los Angeles proposal would thus connect a primary West Coast travel and commerce hub to Haneda.

United's proposed Los Angeles route will also provide more convenient options for U.S. consumers. For example, United's San Francisco flight draws from nearly 40 cities in the West, many of which are also served via Los Angeles such as San Diego, Las Vegas, and Phoenix.

Finally, United's proposal for Los Angeles maintains United's capacity to Tokyo while enhancing time-of-day schedule utility to Haneda for West Coast customers. (*See Exhibit UA-142*) United's proposed flights will operate at different times of day than ANA's Los Angeles – Haneda flights. (*See Exhibit UA-143*) For the proposed summer schedule, United flight UA39 will depart Los Angeles at 11:40 a.m. and arrive at Haneda at 3:10 p.m. the following day. On the return, flight UA38 will depart Haneda at 5:30 p.m. and arrive at Los Angeles at 12:00 p.m. the

same day. (*See* Exhibit UA-176) For the proposed winter schedule, United Flight UA39 will depart Los Angeles at 12:05 p.m. and arrive at Haneda at 5:05 p.m. On the return, Flight UA38 will depart Haneda at 7:20 p.m. and arrive at Los Angeles at 12:25 p.m. the same day. (*See* Exhibit UA-177) Summer flying times will be approximately 11 hours and 30 minutes westbound, and 10 hours 30 minutes eastbound. (*See* Exhibit UA-176)

E. United's Proposed Houston-Haneda Service Will Connect Tokyo to the Second Largest Market in the Central U.S. for Demand to Tokyo and the Energy Capital of the World

United proposes to move its existing Houston-Tokyo service from Narita to Haneda as part of its third priority request. Houston Intercontinental serves the nation's fifth largest metropolitan area (*See* Exhibit UA-110), is presently one of the top five airports in the world,¹⁸ and caters to the second largest market in the central U.S. for demand to Tokyo. (*See* Exhibit UA-117) United and its United Express partners operate an average of 104 daily nonstop flights to 58 international destinations, including service to two destinations in Asia/Pacific, with an average of two daily departures. (*See* Exhibit UA-108) United's Houston proposal will also connect Haneda with 32 U.S. airports, totaling 417,000 annual Tokyo bookings. (*See* Exhibit UA-151)

Multiple factors support demand for travel between Houston and Haneda. First, the substantial Japanese foreign-born population in the Houston metropolitan area makes Houston an important gateway for scheduled service to Haneda. (*See* Exhibit UA-111) Second, Houston is the center of U.S. commerce for the oil, natural gas, and energy businesses. United's proposal would strengthen a bridge for these industries to Tokyo and in addition serves as a key gateway for connections between Latin America and Japan. Third, multiple Japanese companies have head offices or large facilities in the Houston area, including Iwatani, Daikin, and Modec, and there are

¹⁸ Houston Intercontinental Airport (IAH), *Overview*, iFly.com (last visited Jan. 30, 2019), <http://www.ifly.com/george-bush-intercontinental-airport>

more than 150 Japanese-affiliated companies in Houston. In all, there are 48 Fortune 500 companies in Texas, 21 of which are in Houston. Additionally, Japan ranks fourth in foreign direct investment in Texas, and Japanese-owned companies employ more than 50,000 workers in Texas. (See Exhibit UA-152) United's Houston proposal would thus connect a primary central travel and commerce hub to Haneda.

United's proposed Houston route will also provide more convenient options for U.S. consumers by simplifying connecting options. For example, U.S. consumers who live in cities like Dallas/Ft. Worth, Oklahoma City, and San Antonio will benefit from an additional connecting option to Haneda via Houston. Additionally, consumers in Austin, Texas, which represents one of the larger bases of United passengers traveling to Haneda via San Francisco, will benefit from additional itinerary options via Houston. United's Houston proposal would provide consumers in the South and Southeast U.S. with an alternate Haneda gateway to those proposed by Delta and American in the same region.

For the proposed summer schedule, United flight UA7 will depart Houston at 10:20 a.m. and arrive at Haneda at 2:00 p.m. the following day. On the return, flight UA6 will depart Haneda at 4:35 p.m. and arrive at Houston at 2:45 p.m. the same day. (See Exhibit UA-178) For the proposed winter schedule, United Flight UA7 will depart Houston at 10:00 a.m. and arrive at Haneda at 3:15 p.m. On the return, Flight UA6 will depart Haneda at 5:15 p.m. and arrive at Houston at 2:05 p.m. the same day. (See Exhibit UA 179) Summer flying times will be approximately 13 hours and 40 minutes westbound, and 12 hours and 10 minutes eastbound. (See Exhibit UA-178)

F. United's Proposed Guam-Haneda Service Will Create New Service and Competition to Haneda from United's Micronesia Hub

United proposes to introduce new nonstop service between its Micronesia hub at Guam and Haneda as its third priority request. The Guam-Tokyo market size totals over 800,000 annual bookings and produces higher load factors than the Honolulu-Tokyo market. (See Exhibits UA-118 and UA155) United and its United Express partners operate an average of 372 monthly nonstop flights to 15 international destinations, including service to four destinations in Japan including Tokyo Narita, Nagoya, Osaka, and Fukuoka. (See Exhibit UA-109) United's Guam-Haneda proposal will deliver significant public benefits by catering to one of the largest gateways for U.S.-Japan traffic and will provide a time savings (in some cases up to six hours) for consumers traveling between Guam and points within Japan compared to United's Guam-Narita flights. (See exhibit UA-156)

United's Guam-Haneda service will benefit passengers in the large local Guam-Tokyo market for tourism, trade and military development, as well as serving passengers between Haneda and the Micronesian islands. United's proposed Guam-Haneda flights will also provide additional travel options for the large number of U.S. military service and contract personnel and their families on Guam with travel needs within the region. United's Guam-Haneda flights will be important for the island to compete effectively with Hawaii, which already has greater access to Haneda for the Japanese traveler. (See Exhibit UA-154)

For the proposed summer schedule, United flight UA828 will depart Guam at 7:00 a.m. and arrive at Haneda at 9:40 a.m. On the return, flight UA827 will depart Haneda at 11:00 a.m. and arrive at Guam at 3:40 p.m. (See Exhibit UA-180) For the proposed winter schedule, United Flight UA828 will depart Guam at 7:00 a.m. and arrive at Haneda at 9:40 a.m. On the return, Flight UA827 will depart Haneda at 11:00 a.m. and arrive at Guam at 3:40 p.m. the same day. (See

Exhibit UA-181) Summer flying times will be approximately 3 hours and 40 minutes northbound and southbound. (See Exhibit UA-180)

III. UNITED'S PARTNERSHIP WITH ANA STRENGTHENS UNITED'S ABILITY TO SUCCESSFULLY PROVIDE ITS OWN-METAL SERVICE

United's successful partnership with ANA has generated all of the returns that U.S. and Japanese regulators envisioned when they approved it. Just last year, the United/ANA alliance benefitted 4.9 million consumers who traveled on the joint venture's flights. Indeed, it is precisely due to United's relationship with ANA that among the U.S. applicants, only United is able to maximize consumer benefits and realize the full potential of these new slots for U.S. consumers and businesses.

A. The United/ANA Alliance is A Benefit for Consumers

The Department has long recognized the pro-competitive, consumer benefits of immunized joint ventures and in particular that of the United/ANA partnership, which was one of the founding pillars of U.S.-Japan Open Skies. The United/ANA partnership is a Department antitrust immunity success story. It has delivered and continues to deliver on all of its promises of consumer benefits in the U.S.-Japan and broader transpacific market since it was launched in 2012. United's partnership with ANA provides it a deep knowledge of and insights into the Tokyo market, and an unmatched ability to offer consumers the most choices for flights to Tokyo and beyond. The investments United has made to generate myriad consumer benefits through its joint venture with ANA strengthens its ability to add own-metal Haneda service that will significantly benefit U.S. consumers and communities. Additional United service to Haneda is consistent with Department precedent and promotes the public interest as it would maximize the benefits of the new Haneda slots pairs for consumers, communities and businesses.

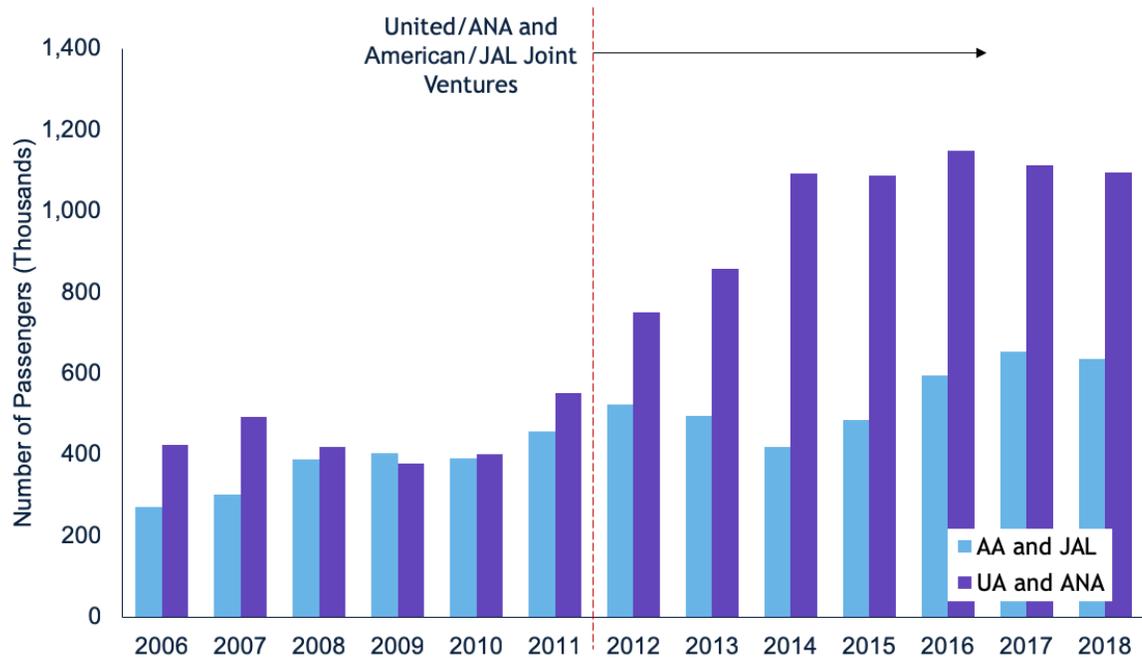
The benefits of the United/ANA partnership are numerous and quantifiable:

- Facilitating capacity growth and new gateways that never before offered transpacific service or previously offered very limited transpacific service (e.g. San Francisco-Haneda, Tokyo Narita-Kuala Lumpur);
- Offering a choice between Tokyo's two international airports – that are each among the busiest in the world in their own right – and United's transpacific gateway at San Francisco and ANA's four Haneda–U.S. gateways;
- Expanding their metal-neutral network to offer consumers more travel, flight, itinerary, fare class, and seat choices, as well as access to additional airline services like coordinated frequent flyer program benefits and policies;
- Enhancing competition versus other alliance offerings vis-à-vis Japan and Korea;
- Offering joint sales programs and initiatives that bring discounts and improved customer support to a broader corporate, leisure and TMC audience.

The United/ANA partnership is consistently generating benefits to consumers far beyond that of American/JAL. Since the United/ANA and American/JAL joint ventures were approved, the number of passengers connecting between United/ANA has doubled, compared to only a 39% increase for American/JAL. (See Figure 6) Consequently, United and ANA now jointly transport more U.S. passengers to a multitude of destinations throughout Japan and Asia and more consumers have a more convenient itinerary for U.S.-Asia/Pacific travel since 2010.

Figure 6

**Number of Passengers Making Connections
Between JV Partners**



In addition, ANA serves more destinations in both Japan and Asia than JAL, and therefore generates 52% more demand for flow traffic over Tokyo to other points in Japan and Asia. By enabling United – via enhanced Haneda access – to flow its U.S. passengers onto ANA’s domestic Japanese network at Haneda, the Department will help expand United’s broad-based and end-to-end network between the U.S. and Japan to the benefit of U.S. consumers and communities.

Although American/JAL have a similar transpacific joint venture, growth in connecting traffic between those carriers has lagged behind United/ANA. Delta has dramatically reduced its flow traffic over Tokyo and shifted its connecting traffic to flow over Seoul. And virtually all of Hawaiian’s traffic on its flights to Tokyo terminates in Tokyo. Accordingly, because United and ANA’s joint venture has resulted in a comprehensive and growing transpacific hub in Tokyo, United can be expected to make the best use of additional Haneda slots.

B. United Does Not Control or Operate ANA's Haneda Slots and the Vast Majority of ANA's Haneda Slots Cannot Be Used for U.S. Service

United does not control or operate any of ANA's slots at Haneda. Nor are slots that are under consideration in this proceeding transferrable between United or ANA. ANA cannot loan, lease, or trade its Haneda slots to United. Nevertheless, this proceeding is not about which carrier has the most Haneda slots. Rather, it is about which carrier presents a proposal that best utilizes the slots to serve the most U.S. consumers, communities, and economic activity. Here, United is unquestionably that carrier.

C. United's Proposal Maximizes Public Benefits Consistent with Department Precedent

The Department's primary goal in awarding limited resources such as Haneda slot pairs has always been to maximize public benefits – *i.e.*, which applicants will be most likely to offer and maintain the best service for the traveling and shipping public. (*See* Exhibit UA-188) In allocating prior Haneda slot pairs the Department sought to provide “the most effective access to Haneda,” based on the consideration of a variety of public interest factors such as the U.S.-Tokyo market demand, geographic diversity, and connecting opportunities for consumers, among others.¹⁹ United's Application, when viewed in light of United's experience in and commitment to the U.S.-Japan market, makes apparent that it is the superior choice for meeting and exceeding all of the Department's criteria: optimizing U.S.-Tokyo market demand, ensuring geographic diversity, and providing unmatched connectivity to points in Japan and beyond.²⁰

First, in considering past route allocation proceedings, the Department has consistently held that each route proposal must be weighed on its own merits, and against the other proposals on their merits, even when one of the other applicants is a member of an alliance. For example, in

¹⁹ *See* DOT Order 2016-7-14, Order to Show Cause at 8, Docket DOT-OST-2016-0048 (Jul. 20, 2016); DOT Order 2010-5-7, Order to Show Cause at 8, Docket DOT-OST-2010-0018 (May 7, 2010).

²⁰ *Id.*

the 2010 U.S.-Haneda proceeding, the Department rejected Delta’s argument that the Department should treat Star and oneworld carriers as “single competitive entities” for the purposes of the proceeding.²¹ The Department held that its findings instead were “made on each application’s merits, and have not been considered in conjunction with...the oneworld (American/JAL) and Star (Continental/United/ANA) applications for antitrust immunity pending before the Department.”²² Moreover, in 2016, despite other carriers’ vociferous calls for United to receive no slots at all due to its relationship with ANA, the Department still recognized the public benefits of United’s proposal and awarded United a slot pair to continue operating its San Francisco-Haneda service. In awarding United the daytime slot pair, the Department found value in having a U.S. carrier serve Haneda with its own aircraft. There, the Department reasoned that “United’s proposed service would provide intra-gateway competition, and introduce the first U.S. carrier-operated service in the San Francisco-Haneda market. We tentatively find that competition in the local San Francisco market would benefit from having a U.S.-flag carrier provide nonstop service to Haneda *with its own aircraft*” (emphasis added).²³

Second, notwithstanding the fact that United, along with American, has the fewest slots in this proceeding, the Department has rejected the notion that carriers cannot receive additional frequencies on the basis of their current holdings in the market alone. For example, in the U.S.-China proceeding, the Department disagreed that United’s selection “would be counter to the Department’s pro-competition policy” just “because of [its] position as the carrier having the largest number of frequencies in the market.”²⁴ Instead, the Department considered United’s application holistically, and concluded that the “public interest benefits of United’s service

²¹ See Reply of Delta, Docket DOT-OST-2010-0018 (Mar. 8, 2010).

²² See DOT Show Cause Order 2010-5-7, Docket DOT-OST-2010-0018, at 8, fn 28 (May 7, 2010).

²³ See DOT Show Cause Order 2014-2-23, Docket DOT-OST-2010-0018, at 4 (Feb. 28, 2014).

²⁴ See Final Order 2007-2-10, Docket DOT-OST-2006-25275, at 6 (Feb. 8, 2007) (the “2007 U.S.-China Combination and All-Cargo Frequency Allocation Proceeding”).

proposal – gaining the first-ever nonstop service to China from a new gateway representing the largest O&D market in this proceeding, coupled with the largest capacity to maximize the benefits of that new service – were compelling.”²⁵

Similarly, in the U.S.-Colombia proceedings, the Department explained that its decision to reallocate frequencies “was not based on American’s market dominance, but rather on the relative public benefits of its proposal as compared to the benefits of the other proposals presented in this proceeding.”²⁶ Indeed, the Department cautioned that American’s reliance on the “total number of limited-entry frequencies already held by an applicant” as a “decisive carrier-selection factor” was misplaced, because the Department assesses the “relative merits of the proposals then before [it].”²⁷

Third, the Department’s antitrust immunity decisions are not intended to restrict the U.S. partner in a joint venture from growing despite the holdings of a foreign partner. A failure to award United’s first priority proposal on account of its partner’s holdings that United does not control, would be contrary to the Department’s expectations in approving immunized alliances between U.S. and Japanese carriers. In the past, the Department has rejected the argument that the immunized United/ANA and American/JAL joint ventures would cause U.S. carriers to lose capacity, and stated “we believe that American, Continental, and United, like their partners, have the incentive to increase capacity if possible, which could provide more opportunities for pilots and other labor groups.”²⁸

IV. UNITED’S RESPONSE TO THE DEPARTMENT’S REQUEST FOR INFORMATION AND EVIDENCE

United provides the following responses to the Department’s request for information and evidence:

²⁵ *Id.* at 7.

²⁶ *See* Final Order 2008-5-27, Docket DOT-OST-2007-0006, at 9-10 (May 21, 2008).

²⁷ *Id.* at 10, fn.27.

²⁸ *See* Order 2010-10-4 at 17.

1. United requests each of the following Haneda slot pairs ranked in order of priority:
 - a. **First Priority** - Three slot pairs for service to Haneda from Newark Liberty, Chicago, and Washington-Dulles;
 - b. **Second Priority** - One slot pair for service to Haneda from Los Angeles; and
 - c. **Third Priority** - Two slot pairs for service to Haneda from Houston and Guam.

United's proposed flight schedules are provided in Exhibits UA170 - UA220. United understands the operational situation at Haneda and appreciates the support of the Department when it comes time to securing slots at Haneda. United's proposals in this proceeding are meant to maximize consumer and community benefits, make use of hub bank structures to facilitate behind and beyond connections, and allocate aircraft in an efficient manner. United advocates for its proposed flight times as it believes they generate the best outcome for all interests. This said, United can offer the following regarding schedule flexibility (using summer, local Tokyo times as an illustration):

- Newark-Haneda-Newark: United requires the arrival slot at 1:40 p.m. United can accept a departure between 5:10 p.m. and 5:25p.m. (requested departure slot is 5:10 p.m.). The aircraft operating United's proposed Newark Liberty and Washington, D.C. flights swap at Haneda. This means an aircraft arrives at Haneda from Newark Liberty, is serviced, and then departs for Washington, D.C. Should this aircraft rotation be broken it could drive different arrival and departure times on each route.
- Chicago-Haneda-Chicago: United requires the arrival and departure slots as applied in this proceeding (3:55 p.m. and 5:45 p.m.). This is due to restricted wide-body aircraft availability at United's Chicago hub.
- Washington, D.C.-Haneda-Washington, D.C.: United requires the arrival slot at 3:25 p.m. United can accept a departure between 3:55 p.m. and 4:10 p.m. (requested

departure slot is 4:10 p.m.). The aircraft operating United's proposed Newark Liberty and Washington, D.C. flights swap at Haneda. This means an aircraft arrives at Haneda from Newark Liberty, is serviced, and then departs for Washington, D.C. Should this aircraft rotation be broken it could drive different arrival and departure times on each route.

- Los Angeles-Haneda-Los Angeles: United's proposed arrival slot is 3:10 p.m. United could accept an arrival between 3:10 p.m. and 4:30 p.m. If diverging from its proposed schedule United notifies the Department that it requires the B787-10 to be on the ground at Haneda for a minimum of 2 hours and 20 minutes, thus the corresponding departure slot would need to be timed accordingly. Further, as United recently inducted the B787-10 aircraft into its fleet, the block hours used in this proceeding are estimates. It could be that future experience demonstrates a need to adjust block times for the B787-10. However, United commits to limit the deviation from its planned schedule as much as possible.
- Houston-Haneda-Houston: United's proposed arrival slot is 2:00 p.m. United could accept an arrival slot between 1:45 p.m. and 2:15 p.m. However, United requires the departure slot at 4:35 p.m. as requested.
- Guam-Haneda-Guam: United can operate the B777 aircraft at two different time channels and prefers the morning schedule proposed in this proceeding which is a 9:40 a.m. arrival and 11:00 a.m. departure. The alternate pattern is a 7:55 p.m. arrival and 9:20 p.m. departure. As another alternative, but a third choice due to a required down-gauge in aircraft to a B737, United could operate a narrow-body aircraft on the proposed Guam-Haneda-Guam route at any time during the day so long as the arrival at Haneda is after 9:00 a.m., the departure is before 11:00 p.m.,

and the combination of arrival and departure slot does not require the aircraft to be on the ground longer than 3 hours and 30 minutes.

2. A brief description of the types of scheduled service United currently provides between the United States and Tokyo, Japan, including whether the services are direct or code-share operations and whether they are seasonal or year-round is provided as Exhibits UA102 - UA103.

3. United's Application describes the significant benefits of United's proposed service to the public interest. (*See supra*, Sections I-III)

4. United's aircraft to be used in its proposed schedules are on hand, part of its current fleet, and comply with FAR-36. United has provided additional information regarding the aircraft in Exhibits UA163 - UA169. United has thoughtfully matched the aircraft type to its proposed routes. For example, the Los Angeles-Haneda market is large and commands a larger aircraft with a disproportionate amount of economy seats. United's new B787-10 aircraft fit the market well. The aircraft has a modest Polaris Business and Premium Plus cabin and a much larger economy section (253 seats) than the B777-200 (202 seats) that will operate on other proposed U.S. mainland-Haneda routes. United will deploy its B777-200 high density aircraft on the Guam-Haneda route. This aircraft – with an economy cabin configured at 336 seats – is well suited for the Micronesian market which caters to volume leisure travelers.

5. United's estimated fuel consumption for its proposed service is set forth in Exhibits UA182 - UA187. United anticipates no difficulty in obtaining fuel to operate its proposed service. United's proposal as described in this Application will not cause any environmental impacts that would cause a near term net annual change in aircraft fuel consumption exceeding 10 million gallons. Accordingly, United's Application will not constitute a major regulatory action requiring an energy statement pursuant to 14 C.F.R. Part 313.

6. If required, United would accept a condition requiring institution of service by a date specified by the Department. United proposes a start-up date of March 31, 2020 or 90 days from the date of Final Order, whichever date is later.

7. If United is selected for backup authority, it will accept a condition that (i) permits it to implement the authority within the first year should the primary carrier withdraw from the market, and (ii) the authority expires at the end of one year should the authority not be activated. If United is not awarded all of its requested slot pairs, it would accept a partial grant of its request consistent with its priorities as described in response to Number 1, above, as well as in this Application. United would be willing to accept a minimum of four slot pairs consistent with its first priority request to serve Haneda from Newark/New York, Chicago and Washington-Dulles and its second priority request to serve Haneda from Los Angeles.

V. CONCLUSION

WHEREFORE, for the foregoing reasons, United respectfully requests that the Department grant its Application for six Haneda slot pairs for daily, year-round, nonstop service to Haneda in the following order of priority: **First Priority** - Newark Liberty-Haneda, Chicago-Haneda, and Washington-Dulles-Haneda slot pairs; **Second Priority** - Los Angeles-Haneda slot pair; and **Third Priority** - Houston-Haneda and Guam-Haneda slot pairs.

Respectfully submitted,

JENNER & BLOCK LLP



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Anna Arshad

Counsel for United Airlines, Inc.

February 21, 2019

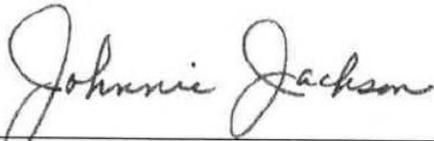
ATTACHMENT 1

EXHIBITS

CERTIFICATE OF SERVICE

I certify that on February 21, 2019, the following parties were served with an electronic copy of the above document in accordance with the Department's Rules of Practice:

Alaska Airlines	dheffernan@cozen.com
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Johnnie Jackson

February 21, 2019