





New York/Newark-Shanghai service. Continental states as follows in response to the US Airways application:

1. Until Continental instituted New York/Newark-Beijing flights, United had an absolute monopoly on U.S.-flag nonstop service to China. Today, United operates four times the number of nonstop U.S.-China flights operated by any other U.S. airline. With daily nonstop service to both Shanghai and Beijing from both its Chicago and San Francisco hubs as well as alliances with Air China, China's largest airline and operator of more U.S.-China flights than any other Chinese airline, and Shanghai Airlines, United's dominance of the U.S.-China market is still formidable. With the ability to offer nonstop China service from Chicago and San Francisco on its own flights and on Air China flights from Los Angeles, San Francisco and JFK, United already has the broadest reach by far of any airline serving the U.S.-China market. As US Airways explains, however, adding its US\* code to United's China flights would bring to United's flights "travelers to China who prefer to fly on a US Airways ticket because of brand loyalty, frequent flyer program affiliation, or geographic proximity"<sup>2</sup> and combine the "marketing strength of the two largest carriers in the Washington region" (US Airways Answer at 7) as

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<sup>2</sup> See the late-filed US Airways September 25, 2006, answer to United's frequency application in Docket OST-06-25275 (US Airways Answer hereafter) at 5. Answers to United's application were due September 1, 2006, 24 days before US Airways responded.

