

July 8, 2020

EAS Proposal for: Johnstown, PA

Docket DOT-OST-2002-11451

- 18x Weekly to/from PIT and 12x Weekly to/from BWI, or
- 30x Weekly to/from PIT

Hyannis Air Service, Inc., dba Cape Air
Attn: Andrew Bonney, SVP Planning
660 Barnstable Road, Hyannis, MA 02601
(508) 862-9719



Cape Air Overview



Dan Wolf
Founder & CEO

Linda Markham
President

- Providing scheduled service since 1989
- 99 aircraft in the fleet
- 37 cities served
- 850 employees
- Flying 500,000+ passengers per year
- Employee-owned and empowered workforce



Preface Regarding the COVID-19 Pandemic

Key points

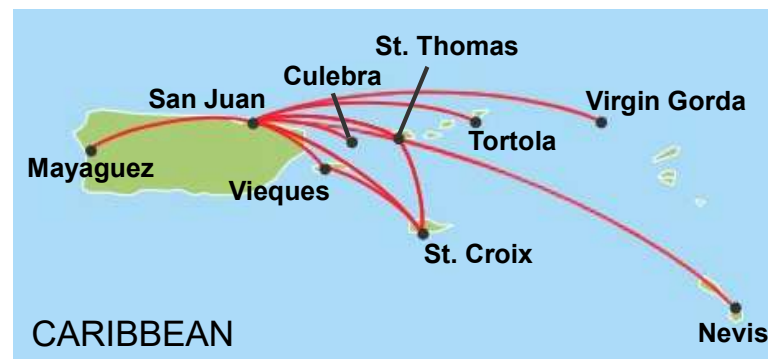
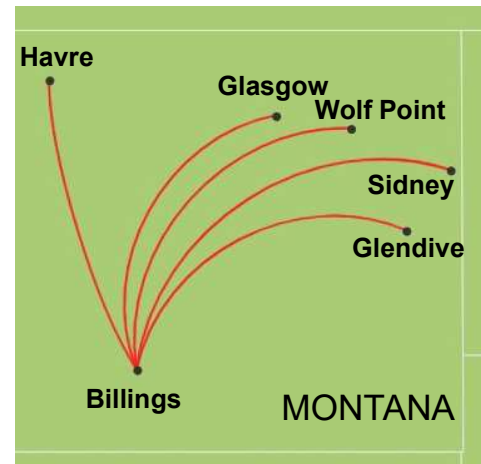
- Cape Air has embraced CDC protocols for cleaning aircraft, personal protective equipment and passenger facilities
- Despite the inherent uncertainties in today's pandemic news, Cape Air is confident in the durability of high-frequency, reliable, 9-seat commuter service with connections to/from major airlines
- Some facts and figures in the contextual information of this presentation may change, but Cape Air's proposal is firm
- Despite recent business disruption, Cape Air is resilient and our finances remain strong



Cape Air Route Maps



NORTHEAST

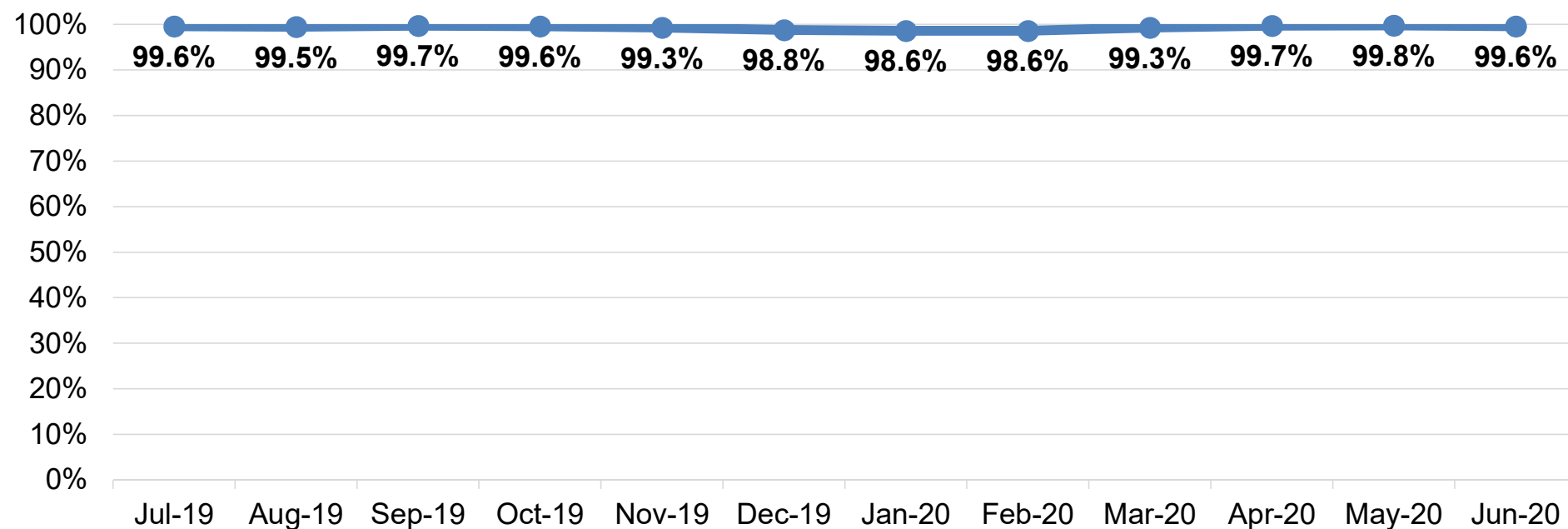


Maps not to scale

Operational Excellence: Cape Air is focused on reliability



Company-controllable completion rate



A strong record of reliability is a point of pride for Cape air



Featuring

World class distribution

- ✓ Interline with all legacy airlines
- ✓ Hosted in Amadeus reservations system
- ✓ Selling through major online travel agencies



Cape Air

Airline partners

Cape Air connects with:



Sales distribution is a key strength for Cape Air, with our connecting service showing on aa.com...



American Airlines

Depart Marion, IL to Dallas/ Fort Worth, TX
Tuesday, July 30, 2019

 American Airlines flights may be listed first.

[Product comparison](#)

Lowest Fare	Flexible							
		<	Sun, Jul 28	Mon, Jul 29	Tue, Jul 30	Wed, Jul 31	Thu, Aug 01	>
			\$ 249	\$ 209	\$ 209	\$ 209	\$ 209	

Sort by: Relevance

Main Cabin

First

MWA DFW
6:15 AM → 9:41 AM 3h 26m [1 stop](#)

MWA - STL AA 8343 CNA-Cessna (Light)
Operated by Hyannis Air Service As Cape Air

STL - DFW AA 1410 M80-MD-80

 Please note connection time

[Details](#) | [Seats](#)

One way
\$209

One way
\$4,875
Flexible

Cape Air

...united.com...

UNITED

United States | English | Saved trips | Contact us

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From
Chicago, IL, US (ORD)

To
Kirksville, MO, US (IRK)


Departure date
Apr 21, 2020

Return date
Add return date


Search by:
☒ Price ☐ Award travel

Update

Advanced search

 **\$250 statement credit + 25,000 miles**
[Learn more](#)

Departure: Chicago, IL, US → Kirksville, MO, US





 Fares are for the entire one-way trip, per person, and include taxes and fees. Additional bag charges may apply.

Sat 4/18 \$154	Sun 4/19 \$184	Mon 4/20 \$124	Tue 4/21 \$124	Wed 4/22 \$144	Thu 4/23 \$126	Fri 4/24 \$144
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☒ With stops **\$124** [Choose connecting airports](#)

[Show fare type comparison ?](#)

Sort flights by: Best match

Depart	Arrive	Stops	Duration		Economy (lowest)	Economy (flexible)	First (2-cabin, lowest)
6:45 am	11:20 am	1 stop	4h 35m	 Details Seats	\$255 Select	\$332 Select	Not available
Includes Travel Operated By Skywest Dba United Express , Cape Air							
9:05 am	2:55 pm	1 stop	5h 50m	 Details Seats	\$255 Select	\$332 Select	Not available
Includes Travel Operated By Expressjet Airlines Dba United Express , Cape Air							
10:05 am	2:55 pm	1 stop	4h 50m	 Details Seats	\$255 Select	\$332 Select	<div>Mixed cabin </div> \$324 Select 6 tickets left at this price
Includes Travel Operated By Gojet Airlines Dba United Express , Cape Air							

Cape Air

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3. TRAVELERS

4. SEATS

5. EXTRAS

6. PAYMENT

Select Your Flight

Rutland, VT (RUT) to Fort Lauderdale, FL (FLL)

View more JetBlue fare options here.

Prices displayed are one-way per person including taxes and fees. Additional baggage fees may apply. Flights operated by partner airlines can only be paid using credit cards. The order of flights displayed is not neutral with respect to carrier identity; lowest priced JetBlue flights are displayed first, followed by codeshare and interline partner-operated flights, prioritized by price and schedule.

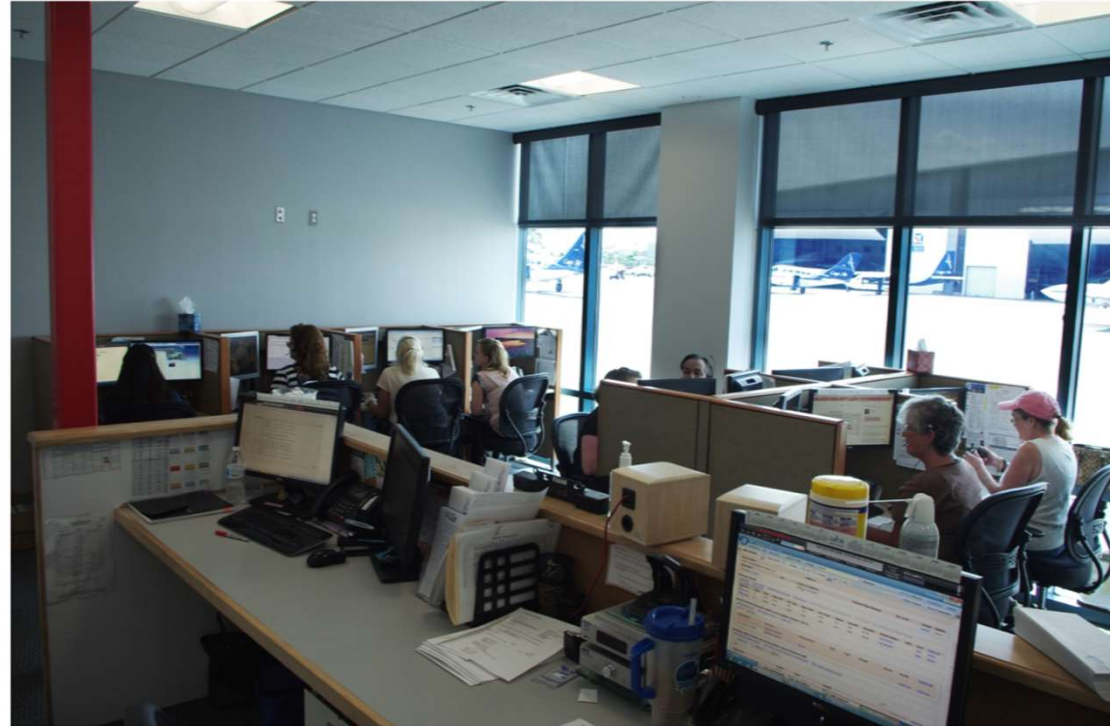
Departs		Arrives	Duration		Airline	Flight	Cabin
O \$216 USD One-way							
RUT 7:20 AM Tue, Sep 15	➔	BOS 8:23 AM Tue, Sep 15	1h 3m Layover: 2h 8m		jetBlue Operated by Cape Air	✈ 5100	Economy
BOS 10:31 AM Tue, Sep 15	➔	FLL 1:51 PM Tue, Sep 15	3h 20m Total: 6h 31m	View seats Amenities	jetBlue	✈ 269	Economy

Cape Air®

Reservations: 1-800-CAPE-AIR



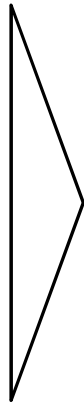
Cape Air Reservations Department



**No fee to speak
with a reservations
agent!**



Cape Air participates in TSA's PreCheck program



With TSA Pre✓[®] you **don't** need to remove:



SHOES



LAPTOPS



3-1-1 LIQUIDS



BELTS



LIGHT JACKETS



Commitment To Safety



Safety first

Core of our culture



Cape Air's #1 priority is the safety of our operation

- Multi-engine aircraft
- Safety audits annually by:
 - American Airlines
 - United Airlines
 - JetBlue Airways
- SMS program approved by FAA
- 30 years experience
 - 100,000+ flights per year
- FAA certified under Part 135 Commuter
- All captains have an Air Transport Pilot Certificate
 - 1,500 hours minimum
- Director of Safety
 - Department of 3 safety professionals
- WAAS-enabled GPS navigation

Safety mantra:
“Make the tough call in the
name of safety, and we will
support you”



Cape Air proposes service in our fleet of brand new twin-engine Tecnam Travellers



Cape Air's Tecnam Traveller



Features

- **Two engines, for safety**
- 9 passenger seats
- 2 pilot seats, and certificated for single pilot operations
- Italian leather seats
- Air conditioning
- LED lighting
- USB ports



The “Traveller” was custom-designed by Cape Air and Tecnam for commuter air service



Highlights

- The first new purpose-designed commuter aircraft in 40 years
- Three decades of Cape Air's lessons learned are built into the aircraft
- Electronically-controlled engines
- Single seats with big windows



The cockpit features the Garmin G1000NXi integrated flight deck



Cape Air

Featuring a Pittsburgh hub

- ✓ Connecting service to the world
- ✓ 59 non-stop destinations
- ✓ Major economic and cultural destination



Figures are Pre-COVID

Cape Air

In addition to being a major destination,
Pittsburgh has non-stop air service to 59
destinations



Pittsburgh cities served (2020 OAG)

<u>Index</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>Index</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>	<u>Index</u>	<u>City</u>	<u>Code</u>	<u>Seats</u>
1	Atlanta, GA	ATL	531,268	21	Washington, DC	DCA	90,741	41	Sanford, FL	SFB	17,037
2	Chicago, IL	ORD	391,957	22	Seattle, WA	SEA	85,469	42	Cancun, Mexico	CUN	15,772
3	Charlotte, NC	CLT	322,411	23	San Francisco, CA	SFO	84,917	43	Charleston, SC	CHS	14,664
4	Orlando, FL	MCO	283,578	24	Nashville, TN	BNA	78,361	44	Montreal, QC	YUL	14,404
5	New York, NY	LGA	275,430	25	Miami, FL	MIA	68,736	45	West Palm Beach, FL	PBI	14,352
6	Boston, MA	BOS	263,218	26	Phoenix, AZ	PHX	66,334	46	Jacksonville, FL	JAX	14,196
7	Newark, NJ	EWR	222,108	27	Fort Myers, FL	RSW	61,007	47	Morgantown, WV	MGW	11,349
8	Denver, CO	DEN	220,965	28	Houston, TX	HOU	54,638	48	DuBois, PA	DUJ	11,340
9	Dallas/Ft. Worth, TX	DFW	210,660	29	St. Louis, MO	STL	53,605	49	Bradford, PA	BFD	11,304
10	Chicago, IL	MDW	183,331	30	Myrtle Beach, SC	MYR	53,024	50	Frankfurt, Germany	FRA	9,288
11	Philadelphia, PA	PHL	172,880	31	Los Angeles, CA	LAX	52,400	51	Altoona, PA	AOO	8,955
12	Fort Lauderdale, FL	FLL	156,967	32	Toronto, ON	YYZ	49,978	52	Austin, TX	AUS	8,424
13	Detroit, MI	DTW	152,930	33	Dallas, TX	DAL	49,348	53	Lancaster, PA	LNS	8,046
14	Houston, TX	IAH	143,955	34	Salt Lake City, UT	SLC	40,681	54	Johnstown, PA	JST	6,615
15	Minneapolis/St. Paul, MN	MSP	139,628	35	Raleigh/Durham, NC	RDU	39,619	55	Valparaiso, FL	VPS	4,368
16	Las Vegas, NV	LAS	127,404	36	London, UK	LHR	39,594	56	Memphis, TN	MEM	4,056
17	Tampa, FL	TPA	118,045	37	St. Petersburg, FL	PIE	22,899	57	Norfolk, VA	ORF	4,056
18	New York, NY	JFK	108,634	38	Punta Gorda, FL	PGD	20,697	58	Indianapolis, IN	IND	3,390
19	Washington, DC	IAD	102,874	39	Sarasota/Bradenton, FL	SRQ	19,344	59	New Orleans, LA	MSY	2,951
20	Baltimore, MD	BWI	92,226	40	Savannah, GA	SAV	19,221	Total			5,455,649

Figures are Pre-COVID

Pittsburgh route map



Source: OAG (2020)

Pre-COVID



An option for a BWI hub, too

- ✓ Reaches Washington, DC and National Capital Region
- ✓ Access to MARC trains to DC's Union Station
- ✓ Connecting service to the world
- ✓ 91 non-stop destinations



Figures are Pre-COVID

Cape Air

In addition to being a world-class destination,
BWI has non-stop air service to 91
destinations



Baltimore cities served (2020 OAG)

Index	City	Code	Seats		Index	City	Code	Seats		Index	City	Code	Seats		Index	City	Code	Seats
1	Atlanta, GA	ATL	831,865		24	Buffalo, NY	BUF	229,121		47	San Diego, CA	SAN	116,902		70	Aruba, Aruba	AUA	26,455
2	Orlando, FL	MCO	747,443		25	Norfolk, VA	ORF	224,973		48	Salt Lake City, UT	SLC	112,943		71	Punta Cana	PUJ	26,169
3	Fort Lauderdale, FL	FLL	661,654		26	Houston, TX	HOU	210,343		49	Seattle, WA	SEA	106,832		72	Sarasota, FL	SRQ	17,346
4	Boston, MA	BOS	611,334		27	New Orleans, LA	MSY	200,011		50	Montego Bay	MBJ	103,983		73	Macon, GA	MCN	16,470
5	Charlotte, NC	CLT	593,171		28	West Palm Beach, FL	PBI	199,694		51	San Antonio, TX	SAT	101,870		74	Savannah, GA	SAV	16,422
6	Tampa, FL	TPA	467,878		29	Portland, ME	PWM	188,055		52	New York, NY	JFK	83,754		75	Asheville, NC	AVL	11,925
7	Denver, CO	DEN	450,261		30	Islip, NY	ISP	187,354		53	Miami, FL	MIA	83,304		76	Montreal, QC	YUL	11,624
8	Detroit, MI	DTW	371,081		31	Indianapolis, IN	IND	179,647		54	Albuquerque, NM	ABQ	73,938		77	New York, NY	LGA	10,106
9	Chicago, IL	MDW	343,449		32	Phoenix, AZ	PHX	178,051		55	San Francisco, CA	SFO	63,616		78	Valparaiso, FL	VPS	7,128
10	Chicago, IL	ORD	331,408		33	St. Louis, MO	STL	173,305		56	Oakland, CA	OAK	54,772		79	Pensacola, FL	PNS	7,047
11	Nashville, TN	BNA	323,611		34	Austin, TX	AUS	172,975		57	Myrtle Beach, SC	MYR	50,431		80	DuBois, PA	DUJ	6,624
12	Raleigh/Durham, NC	RDU	322,286		35	San Juan, PR	SJU	169,197		58	Memphis, TN	MEM	50,186		81	Morgantown, WV	MGW	6,588
13	Fort Myers, FL	RSW	286,250		36	Charleston, SC	CHS	168,602		59	London, UK	LHR	48,868		82	Lancaster, PA	LNS	6,165
14	Las Vegas, NV	LAS	272,497		37	Cincinnati, OH	CVG	163,965		60	Philadelphia, PA	PHL	48,119		83	Johnstown, PA	JST	5,193
15	Providence, RI	PVD	269,518		38	Rochester, NY	ROC	159,210		61	Grand Rapids, MI	GRR	46,693		84	Panama City, FL	ECP	4,672
16	Albany, NY	ALB	250,303		39	Columbus, OH	CMH	149,356		62	Birmingham, AL	BHM	46,186		85	Liberia, Costa Rica	LIR	4,659
17	Los Angeles, CA	LAX	246,668		40	Cleveland, OH	CLE	144,911		63	Oklahoma City, OK	OKC	42,878		86	San Jose, Costa Rica	SJO	4,659
18	Hartford, CT	BDL	244,907		41	Houston, TX	IAH	142,755		64	Toronto, ON	YYZ	42,724		87	Knoxville, TN	TYS	3,789
19	Minneapolis, MN	MSP	244,841		42	Louisville, KY	SDF	142,061		65	Greer, SC	GSP	38,567		88	Altoona, PA	AOO	3,303
20	Manchester, NH	MHT	243,239		43	Milwaukee, WI	MKE	136,709		66	Nassau, Bahamas	NAS	34,463		89	Grand Cayman	GCM	858
21	Dallas/Ft. Worth, TX	DFW	237,833		44	Pittsburgh, PA	PIT	132,315		67	San Jose, CA	SJC	32,154		90	Providenciales	PLS	858
22	Dallas, TX	DAL	236,443		45	Kansas City, MO	MCI	119,207		68	Sacramento, CA	SMF	31,685		91	Cabo, Mexico	SJD	858
23	Jacksonville, FL	JAX	234,934		46	Cancun, Mexico	CUN	116,906		69	San Salvador	SAL	27,846		Total			14,353,229

Figures are Pre-COVID

Baltimore route map



Source: OAG (2020)

Pre-COVID



Marketing

And Community Engagement



Cape Air's marketing department specializes in small community air service marketing and communicating Cape Air's many strengths



The marketing plan includes:

- ✓ Targeted SEM, SEO and digital display
- ✓ Traditional mediums: print/outdoor/radio/TV/streaming/social platforms
- ✓ Leveraging UGC
- ✓ Community sponsored events
- ✓ Partnerships with local businesses and universities
- ✓ Local contesting and trip giveaways

The world awaits.
(You don't.)

Next time you travel, hop on one of our fast, daily flights to Billings Logan International for easy connections to wherever you're going. And enjoy the ride.

\$29*
from each way

Havre, Glasgow, Wolf Point, Sidney, Glendive, Billings

Cape Air
Enjoy the ride.

capeair.com 800-CAPE-AIR

*Including all taxes and fees. Fares are subject to availability and other conditions. Fares may change without notice, and are not guaranteed until ticketed.

Where do you need to go?

Now Serving Decatur

• Easy connections
• Free parking in Decatur

St. Louis
\$29*
from each way

Chicago
\$59*
from each way

ST LOUIS, CHICAGO, DENVER, LAS VEGAS, NASHVILLE, ORLANDO

Book flights

Cape Air

Cape Air has an in-house professional marketing team and proposes a \$60,000/yr marketing budget!



The Cape Air Difference

New multi-engine aircraft, connectivity, community



- Newest aircraft: **Tecnam P2012 Traveller**
 - Brand new multi-engine aircraft
- **Interlines** with all legacy airlines: American, Delta, JetBlue, Alaska, United and more
- Planes and pilots **based in Johnstown**
- Defined plan to keep **Johnstown clear of the EAS subsidy per passenger cap of \$200**
- **Independence**, retaining full control over:
 - Fares
 - Schedule
 - Marketing
- **No fees:**
 - **No** 1st checked bag fees
 - **No** change fees
 - **No** reservations fees
- Robust **marketing program** and dedicated **community partner**



EAS Proposal Economics



Cape Air proposes for Johnstown:

- 30x weekly PIT, or
- 18x weekly PIT + 12x weekly BWI



Drivers

Inputs	PIT	Two Hubs		
		PIT	BWI	Total
Round Trips/wk	30	18	12	30
Completion Rate	97%	97%	97%	97%
Daily RTs	4.3	2.6	1.7	4.3
Pax/Dpt	4.8	4.8	5.1	4.9
LF	53%	53%	57%	55%
Fare (net)	\$32	\$32	\$59	\$43
Pax Rev	\$463,219	\$277,931	\$367,407	\$645,338

See annual escalation rates next slide



Expenses

Two-year term; discount for 4-year term, preferred, is noted below

	PIT	Two Hubs		
		PIT	BWI	Total
Fuel	\$471,686	\$283,011	\$335,991	\$619,002
Maintenance	\$464,736	\$278,842	\$339,008	\$617,849
Pilots, Training & Supplies	\$352,592	\$261,179	\$174,840	\$436,019
Ownership	\$270,456	\$162,273	\$197,287	\$359,560
Stations	\$678,085	\$539,447	\$466,435	\$1,005,882
Landing Fees	\$80,044	\$48,026	\$48,641	\$96,667
Marketing	\$60,000	\$35,000	\$25,000	\$60,000
General & Admin./Other	\$135,502	\$89,941	\$80,578	\$170,519
Operating expense	\$2,513,100	\$1,697,720	\$1,667,779	\$3,365,499
Return of 5%	\$132,268	\$89,354	\$87,778	\$177,132
Economic Expense	\$2,645,369	\$1,787,074	\$1,755,557	\$3,542,631
Passenger Revenue	\$463,219	\$277,931	\$367,407	\$645,338
Profit	(\$2,182,150)	(\$1,509,143)	(\$1,388,150)	(\$2,897,293)
Subsidy Required	\$2,182,150	\$1,509,143	\$1,388,150	\$2,897,293
Per Departure	\$719	\$829	\$1,144	\$955
Per Passenger	\$151	\$174	\$223	\$194
4-Year Contract Discount	\$2,142,611	\$1,481,798	\$1,362,998	\$2,844,797
Per Departure	\$706	\$814	\$1,123	\$937
Per Passenger	\$148	\$171	\$219	\$191

Year 1
Year 1

To align revenue with costs, Cape Air proposes escalation factors



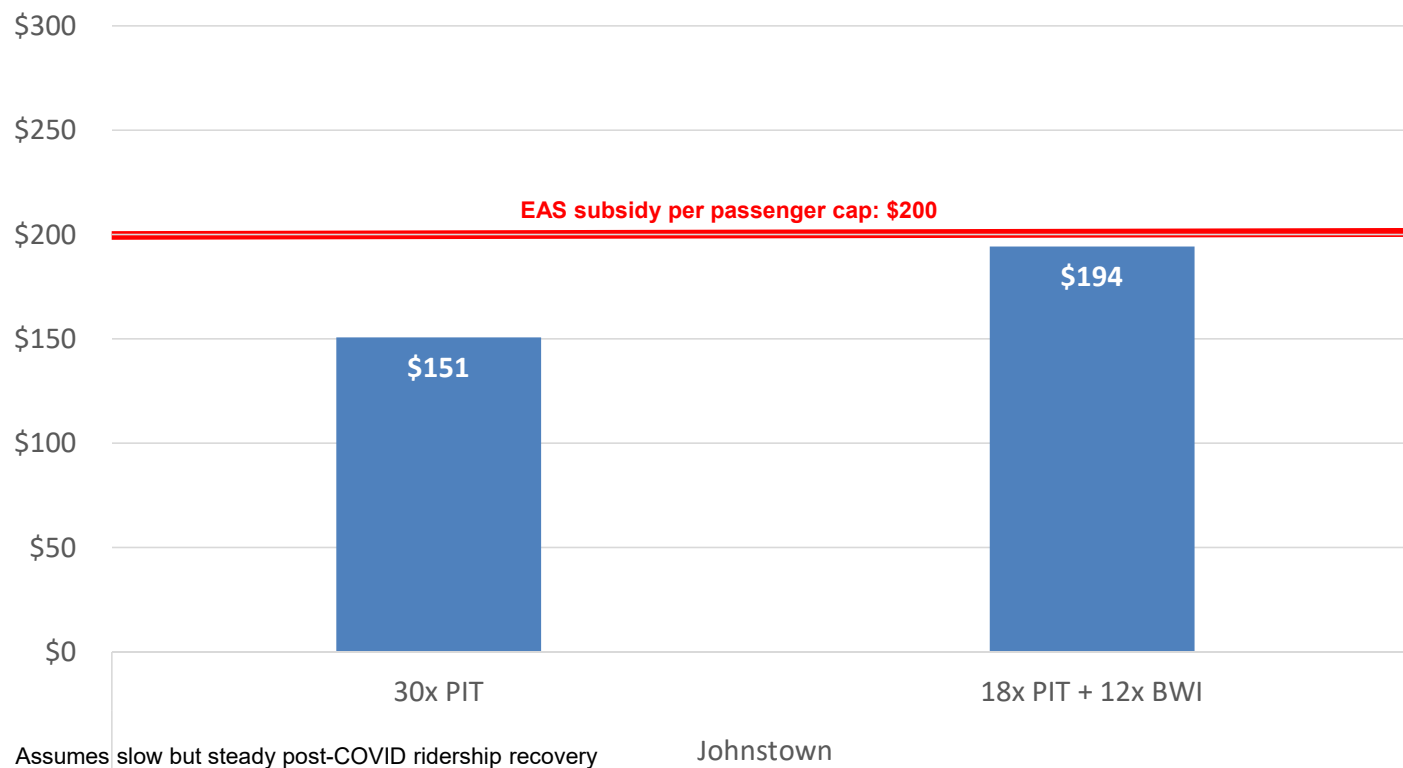
Annual subsidy including escalation

Preferred

Two-year selection	<u>PIT</u>	<u>Two Hubs</u>		
		<u>PIT</u>	<u>BWI</u>	<u>Total</u>
Year 1	\$2,182,150	\$1,509,143	\$1,388,150	\$2,897,293
Year 2	\$2,247,614	\$1,554,417	\$1,429,795	\$2,984,211
Four-year selection				
Year 1	\$2,142,611	\$1,481,798	\$1,362,998	\$2,844,797
Year 2	\$2,206,890	\$1,526,252	\$1,403,888	\$2,930,141
Year 3	\$2,273,096	\$1,572,040	\$1,446,005	\$3,018,045
Year 4	\$2,341,289	\$1,619,201	\$1,489,385	\$3,108,586

Cape Air's proposal is positioned to keep Johnstown under EAS's \$200 subsidy per passenger cap

Calculated subsidy per passenger



Cape Air's proposal is designed to keep Johnstown under the EAS subsidy per passenger cap of \$200



Thank you!



Hyannis Air Service, Inc., dba Cape Air
Attn: Andrew Bonney, SVP Planning
660 Barnstable Road, Hyannis, MA 02601
(508) 862-9719