

March 18, 2020

EAS Proposal for:  
**Tupelo, MS**

Docket DOT-OST-2009-0305

30x weekly to/from Nashville *with multiple interline partners!*

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



# Cape Air Fast Facts



Dan Wolf  
Founder & CEO

Linda Markham  
President

- Serving Midwest since November 2009
- 99 aircraft in the fleet
- 37 cities served
- 850 employees
- Flying 500,000+ passengers per year
- Employee-owned and empowered workforce







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:



# Connecting itineraries are available on aa.com...

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English



## Choose flights

Depart Rutland, VT to Chicago, IL

Tuesday, April 14, 2020

American Airlines flights may be listed first.

[Product comparison](#)

Lowest Fare	Flexible	Sun, Apr 12 \$ 172	Mon, Apr 13 \$ 122	Tue, Apr 14 \$ 122	Wed, Apr 15 \$ 122	Thu, Apr 16 \$ 122
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Sort by: Relevance

[Main Cabin](#)[First](#)

RUT ORD  
7:00 AM → 11:02 AM 5h 2m [1 stop](#)

RUT - BOS = 9A 12 = T12-Boeing 737-800  
BOS - ORD = AA 1221 = T12-Boeing 737

One way  
\$ 132  
2 seats left

One way  
\$ 246  
2 seats left

Change terminals. The state of service you searched may not be available on one or more flights. Economy only on 1 or more flights.

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

RUT ORD  
7:00 AM → 1:59 PM 7h 59m [1 stop](#)

RUT - BOS = 9A 12 = T12-Boeing 737-800  
BOS - ORD = AA 1221 = T12-Boeing 737

One way  
\$ 132  
2 seats left

One way  
\$ 246  
2 seats left

Change terminals. The state of service you searched may not be available on one or more flights. Economy only on 1 or more flights.

Cape Air

...And united.com

UNITED

United States | English

Saved trips

Contact us

MileagePlus: Sign in or join

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

UNITED

Express

VISA

**\$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	Sun 4/19	Mon 4/20	<b>Tue 4/21</b>	Wed 4/22	Thu 4/23	Fri 4/24
\$154	\$184	\$124	<b>\$124</b>	\$144	\$126	\$144

☒ 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	\$332	Not available
Includes Travel Operated By Skywest Dba United Express , Cape Air					Select	Select	
9:05 am	2:55 pm	1 stop	5h 50m	Details Seats	\$255	\$332	Not available
Includes Travel Operated By Expressjet Airlines Dba United Express , Cape Air					Select	Select	
10:05 am	2:55 pm	1 stop	4h 50m	Details Seats	\$255	\$332	<b>Mixed cabin</b> \$324
Includes Travel Operated By Gojet Airlines Dba United Express , Cape Air					Select	Select	Select
							6 tickets left at this price

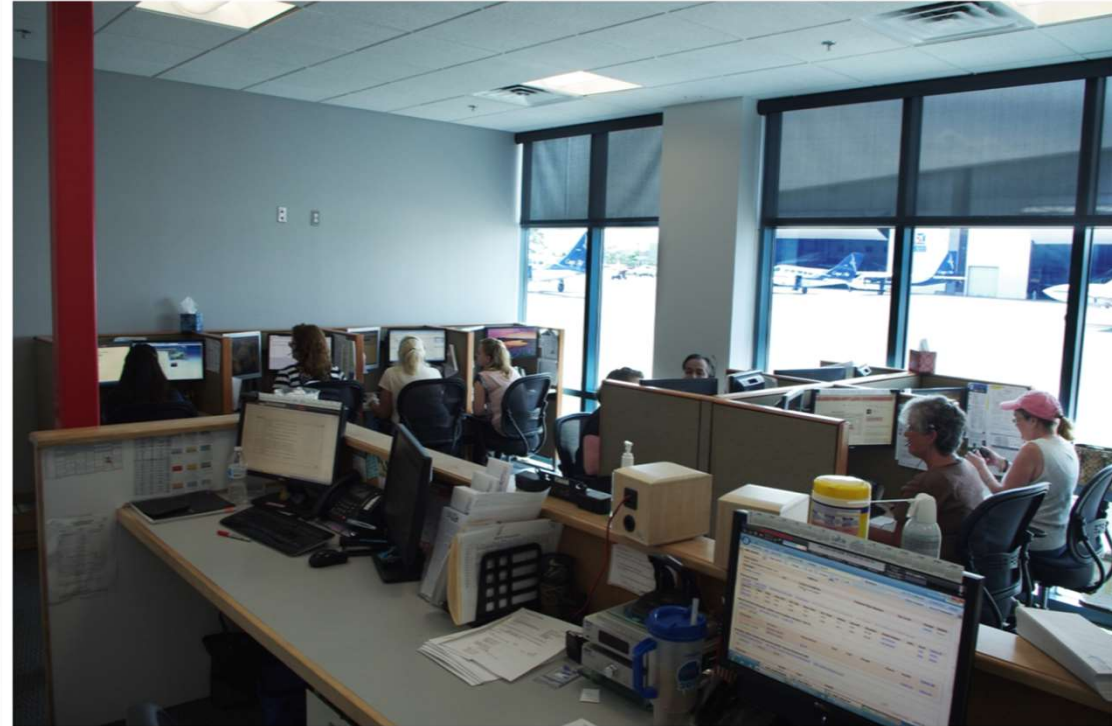
Cape Air



# Reservations: 1-800-CAPE-AIR



## Cape Air Reservations Department

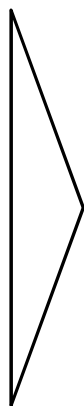


**No fee to speak  
with a reservations  
agent!**





# Cape Air participates in TSA's PreCheck program



With TSA Pre✓<sup>®</sup> 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
- 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 30x weekly frequency for Tupelo in our fleet of brand new twin-engine Tecnam Travellers



Cape Air's Tecnam Traveller

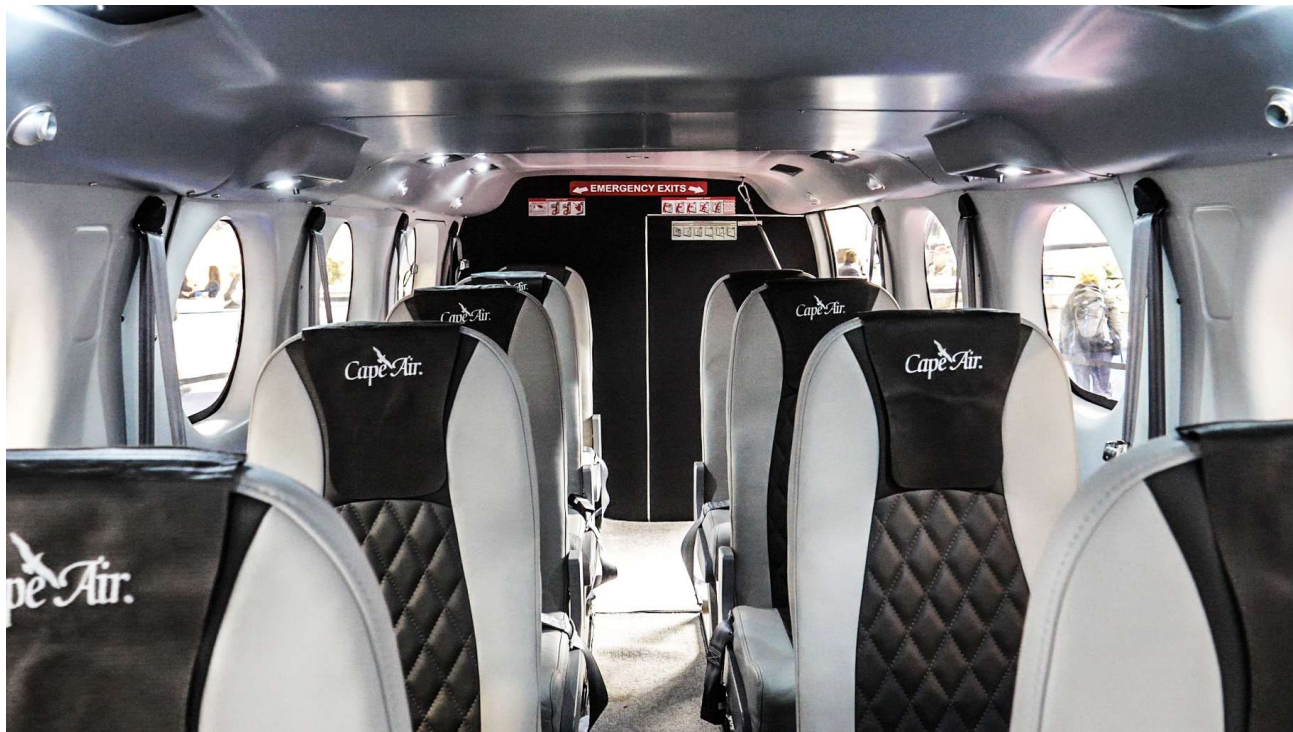


## Features

- **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
- **9-seat service enables DOT to allow up to 5 flights per day at Tupelo**



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



### Highlights

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- The first new purpose-designed commuter aircraft in 40 years
- Brand-new design
- Electronically controlled engines
- Luxurious cabin with 9 single seats





The cockpit features the Garmin G1000NXi integrated flight deck



Cape Air



Featuring a

# Nashville hub

- ✓ 92 non-stop destinations in 2020
- ✓ Major economic, entertainment and cultural destination



Cape Air

# Nashville has non-stop service to 92 cities



## Nashville Non-Stop Service

2020

Rank	City	Code	Seats	Rank	City	Code	Seats	Rank	City	Code	Seats	Rank	City	Code	Seats
1	Atlanta, GA	ATL	784,719	24	Seattle, WA	SEA	182,010	47	Oakland, CA	OAK	48,456	70	Montreal, QC	YUL	11,096
2	Dallas, TX	DFW	484,432	25	Raleigh/Durham, NC	RDU	174,327	48	Oklahoma City, OK	OKC	47,279	71	Portland, OR	PDX	10,317
3	New York, NY	LGA	454,291	26	Houston, TX	IAH	171,888	49	San Jose, CA	SJC	35,486	72	Madison, WI	MSN	9,672
4	Chicago, IL	ORD	447,508	27	New York, NY	JFK	170,178	50	Cancun, Mexico	CUN	29,418	73	Fargo, ND	FAR	8,742
5	Denver, CO	DEN	440,411	28	Miami, FL	MIA	168,110	51	Tupelo, MS	TUP	21,180	74	Buffalo, NY	BUF	8,727
6	Charlotte, NC	CLT	438,008	29	Phoenix, AZ	PHX	167,966	52	Punta Gorda, FL	PGD	18,042	75	Appleton, WI	ATW	8,424
7	Los Angeles, CA	LAX	412,270	30	Kansas City, MO	MCI	144,620	53	Calgary, AB	YYC	16,697	76	Flint, MI	FNT	8,034
8	Orlando, FL	MCO	392,904	31	St. Louis, MO	STL	144,153	54	St. Petersburg, FL	PIE	16,230	77	Bozeman, MT	BZN	7,950
9	Detroit, MI	DTW	368,389	32	Salt Lake City, UT	SLC	126,967	55	Richmond, VA	RIC	15,954	78	Peoria, IL	PIA	7,950
10	Boston, MA	BOS	351,661	33	Jacksonville, FL	JAX	121,785	56	Cedar Rapids, IA	CID	15,753	79	Gulfport, MS	GPT	6,864
11	Fort Lauderdale, FL	FLL	330,848	34	Cleveland, OH	CLE	119,072	57	Omaha, NE	OMA	15,446	80	Owensboro, KY	OWB	6,228
12	Philadelphia, PA	PHL	321,785	35	Washington, DC	IAD	112,933	58	Allentown, PA	ABE	15,252	81	Indianapolis, IN	IND	5,820
13	Baltimore, MD	BWI	313,784	36	Panama City, FL	ECP	109,860	59	Fort Myers, FL	RSW	14,492	82	Marion/Herrin, IL	MWA	5,238
14	Chicago, IL	MDW	299,320	37	San Antonio, TX	SAT	106,995	60	Grand Rapids, MI	GRR	14,490	83	Sioux Falls, SD	FSD	4,056
15	Washington, DC	DCA	291,675	38	San Diego, CA	SAN	98,834	61	Sarasota, FL	SRQ	13,572	84	Memphis, TN	MEM	3,996
16	Newark, NJ	EWR	286,985	39	Pittsburgh, PA	PIT	95,180	62	Sanford, FL	SFB	13,494	85	Greensboro, NC	GSO	3,432
17	Minneapolis, MN	MSP	285,308	40	San Francisco, CA	SFO	93,136	63	Syracuse, NY	SYR	13,380	86	Tulsa, OK	TUL	3,432
18	Tampa, FL	TPA	270,968	41	Toronto, ON	YYZ	90,826	64	Burbank, CA	BUR	13,205	87	Savannah, GA	SAV	2,778
19	Dallas, TX	DAL	268,614	42	Pensacola, FL	PNS	89,084	65	Des Moines, IA	DSM	13,068	88	Portland, ME	PWM	1,859
20	Las Vegas, NV	LAS	234,607	43	Milwaukee, WI	MKE	80,855	66	Fayetteville, AR	XNA	13,026	89	Myrtle Beach, SC	MYR	1,737
21	New Orleans, LA	MSY	214,216	44	Columbus, OH	CMH	75,457	67	Harrisburg, PA	MDT	12,672	90	Valparaiso, FL	VPS	1,716
22	Houston, TX	HOU	199,637	45	London, UK	LHR	71,292	68	Norfolk, VA	ORF	12,416	91	San Juan, PR	SJU	1,287
23	Austin, TX	AUS	195,215	46	Charleston, SC	CHS	61,765	69	Trenton, NJ	TTN	12,090	92	Grand Forks, ND	GFK	1,020
														<b>Total</b>	<b>11,436,321</b>

Source: OAG via Airline Data for 2020





# Marketing

And Community Engagement



# Cape Air's marketing for Tupelo, with a \$60,000 budget, will be targeted, active and tailored!



The marketing plan for Tupelo includes:

- ✓ Targeted online advertising
- ✓ Traditional print/outdoor/radio/TV (as appropriate)
- ✓ Community events
- ✓ Partnerships

And, community input welcome!

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

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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 a Marketing Manager focused on the Midwest**



# The Cape Air Difference

New multi-engine aircraft, connectivity, community



- Newest aircraft: **Tecnam P2012 Traveller**
- Highest frequency: **30 weekly round trips**
- **Interlines** with American, Delta, JetBlue, Alaska, United and more
- **No fees:**
  - **No** checked bag fee
  - **No** change fee
  - **No** reservations fees
- **Independence**, retaining full control over:
  - Fares
  - Schedule
  - Marketing
- Dedicated community partner
  - Robust **marketing budget: \$60,000/year**
- Planes and pilots **based in Tupelo**





# EAS Proposal Economics



# Cape Air's Tupelo proposal: 30x weekly to/from Nashville



## Drivers

Daily RTs	4.3
Completion Rate	97%
Annual Actual Dpts	3,035
Pax/Dpt	5.9
Load Factor	65%
Avg. Net Fare	\$59

Note: See escalation factors subsequent slide

4-year option  
preferred

## Expenses

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

Fuel	\$925,039
Maintenance	\$785,885
Pilots	\$683,213
Ownership	\$981,679
Rents	\$478,893
Staff	\$197,012
Landing Fees	\$100,255
Marketing	\$58,425
General & Admin./Other	\$133,347
<b>Operating expense</b>	<b>\$4,343,749</b>

Return of 5%	\$228,618
Economic Expense	\$4,572,368
Passenger Revenue	\$1,047,432
Profit	(\$3,524,936)

<b>Annual Operating Subsidy Required</b>	<b>\$3,524,936</b>
<b>Subsidy Per Departure</b>	<b>\$1,162</b>
<b>Per Passenger</b>	<b>\$199</b>

Discount for 4-year term	
<b>Proposed Subsidy</b>	<b>\$3,429,023</b>
<b>Per Departure</b>	<b>\$1,130</b>

Year 1  
Year 1

# To align revenue with costs, Cape Air proposes escalation factors for Tupelo



## Annual subsidy including escalation

Preferred

### Two-year selection

Year 1	\$3,524,936
Year 2	\$3,630,684

### Four-year selection

Year 1	\$3,429,023
Year 2	\$3,531,893
Year 3	\$3,637,850
Year 4	\$3,746,986



# Thank you!



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