

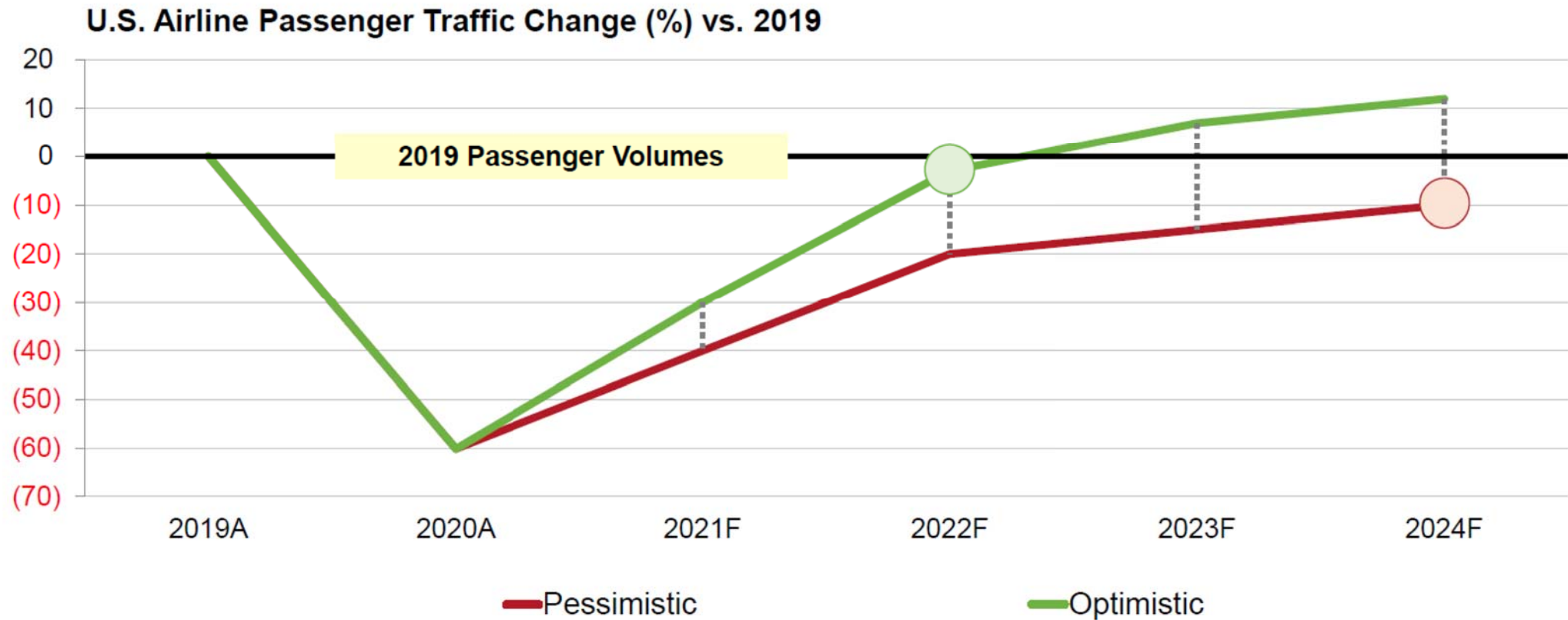
Travel made
EASY!

AIR SERVICE UPDATE

11.30.2021

The Timing of a Return to 2019 Passenger Volumes Depends in Large Part on Business Travel

Another Open Question Is the Degree to Which Leisure and VFR Traffic Remain Robust in 2022-2023



Source: A4A and various airline equity analysts

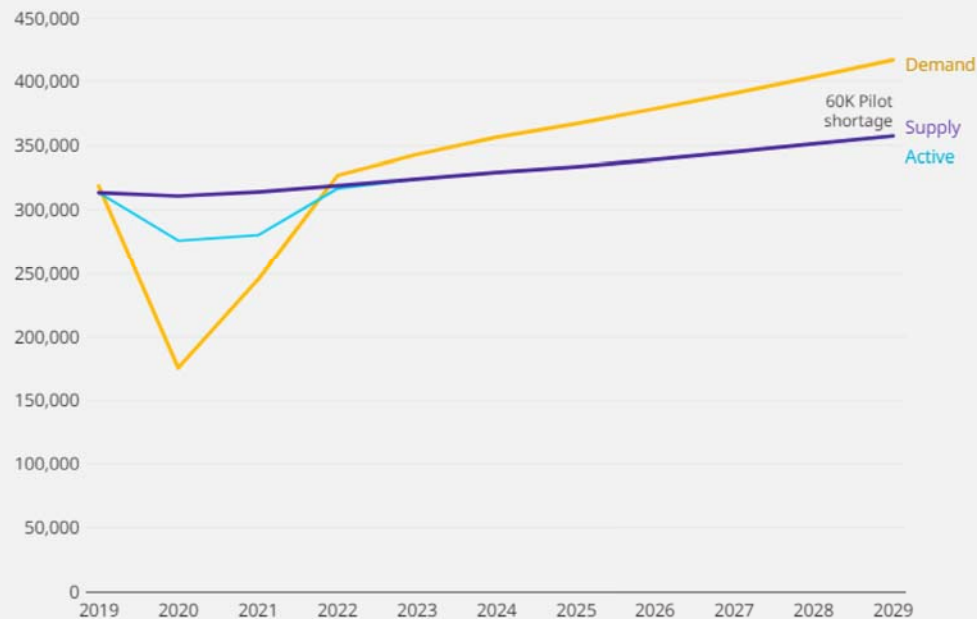
Note: A = actual; F = forecast

INDUSTRY Dynamics are changing



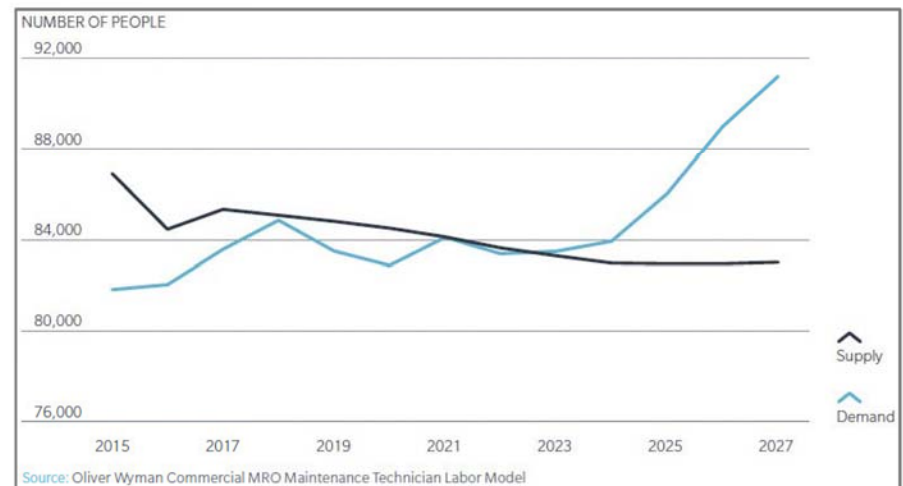
Global pilot demand versus supply

Number of pilots



Source: Oliver Wyman analysis

Aviation Maintenance Tech Shortage



Source: Oliver Wyman Commercial MRO Maintenance Technician Labor Model

INDUSTRY Dynamics are changing



American Airlines cuts 27 routes, slashes New York network



Frontier is cutting 2 Northeast airports in a big competitive shake-up

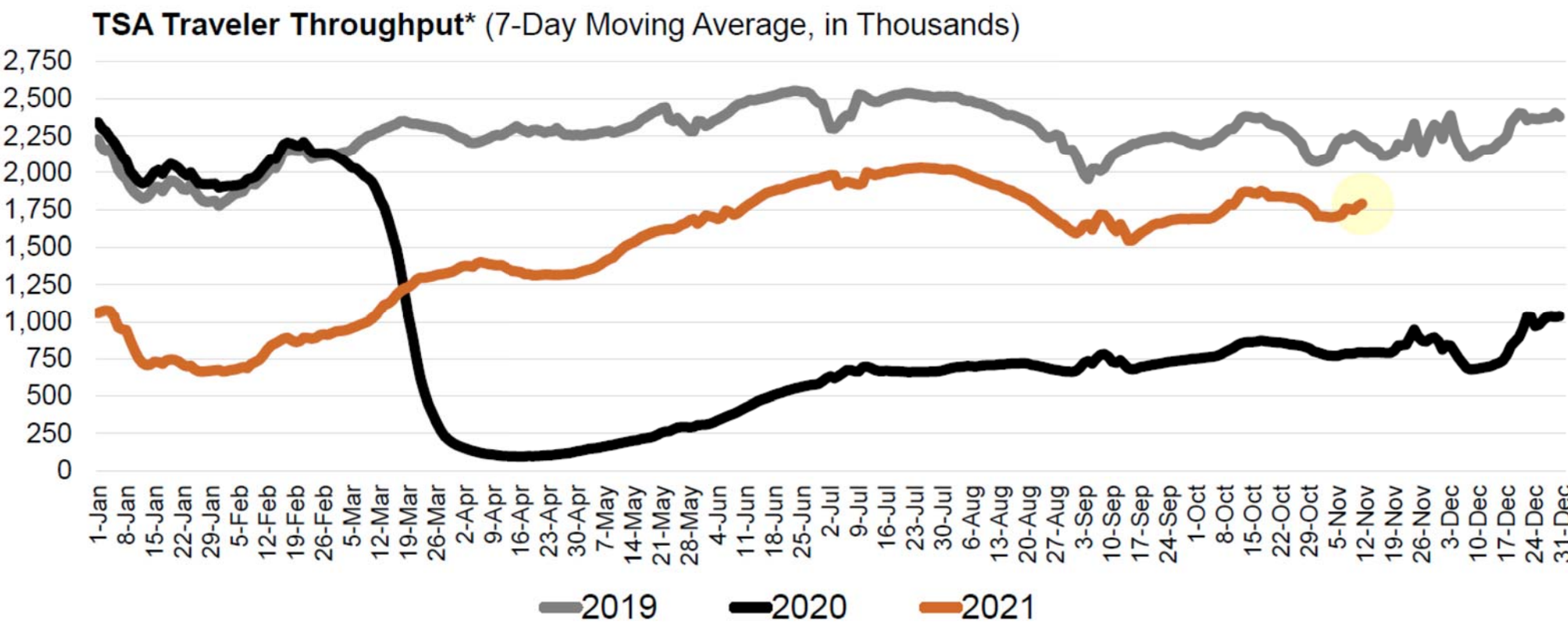
NEWS | AIRLINES
3d ago



Breeze Airways cuts 4 routes, shuffles flights in big schedule extension

NEWS | AIRLINES
Nov 9, 2021

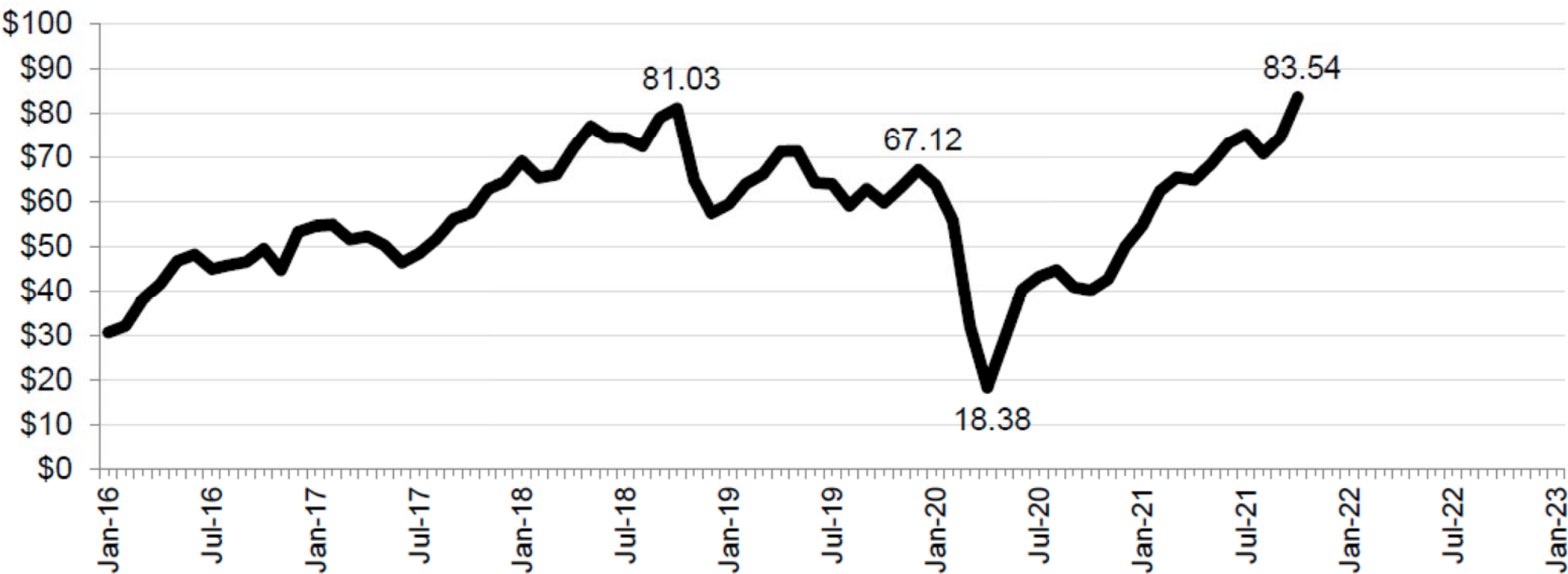
In Most Recent Seven Days, TSA Checkpoint Volumes Fell 20% Below 2019 Levels



Source: Transportation Security Administration

* U.S. and foreign carrier customers (excluding Known Crewmember® personnel) traversing TSA checkpoints

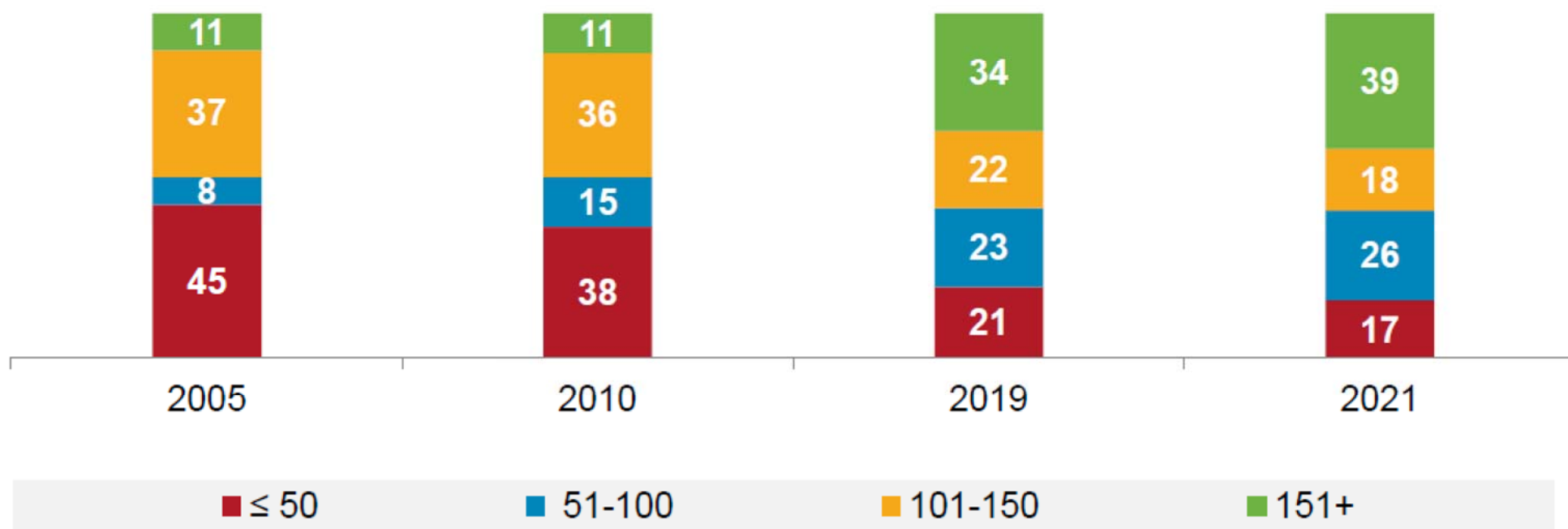
World Crude-Oil Prices Have Climbed Steadily Since October 2020
Spot Price of Brent Crude Oil (\$ per Barrel)



Sources: A4A, Energy Information Administration (https://www.eia.gov/dnav/pet/pet_pri_spt_s1_m.htm) and IHS Markit

Airlines Have Deployed Larger Aircraft, and Mainline-Only Carriers Have Grown Regionals Now Just 43% of Domestic Departures; Over Half of Those are Large RJs

% of Domestic U.S. Departures by Aircraft Size*



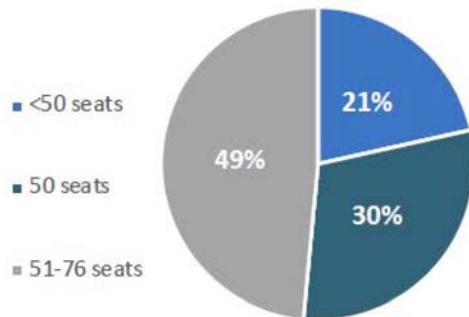
Source: Diio by Cirium published schedules as of Oct. 15, 2021

* Numbers may not add to 100 due to rounding

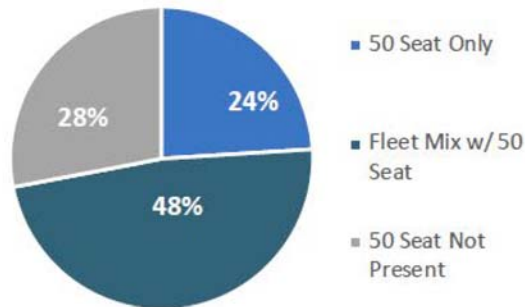
Regional Airline Fleet

- 50 seaters present in 72% of cities served
- Only aircraft type serving 24% of US markets
- Average age = 22 years old
- Unit costs increasing

Regional Airline Fleet Mix



50 Seat RJ Market Presence



Source: Sabre Mi (2019). Domestic Operations Only

Here's Why United Has Cut Nine Airports From Its Route Map

It is likely that the airports being cut – which only have between one and two United departures a day – cannot command high enough yields and, because of short distances, overly rely on connections (and therefore have lower yields). Indeed, data from the year ending Q1 2021 shows that United had an average of just 9.2% local passengers to/from these eight US airports (13% in 2019).

- Staffing shortages (Pilot/Mechanics)
- Inability to increase frequency at GRK
- Inability to win City Pairs (GSA)
- Short stage length to IAH (reliant upon lucrative connect markets)
- Competitor product offerings (AA)
- UA replacing smaller 50 seat RJ's
- Rising energy costs – RJ economics not great



United Airlines orders 270 jets, its biggest aircraft purchase ever

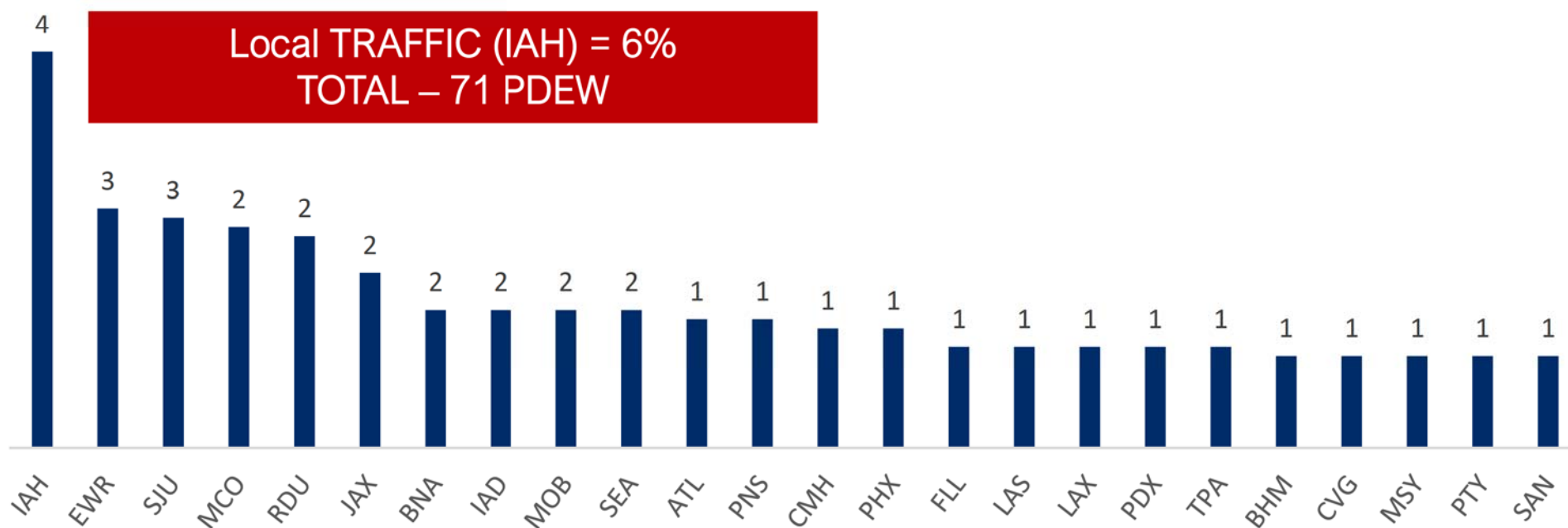
Replacing smaller planes

United will use most of the jets ordered Tuesday to replace 200 smaller regional jets that carry about 50 passengers each, allowing it to increase capacity without adding flights at airports such as Newark and San Francisco, which limit each airline's takeoffs and landings. It will also replace about 100 older full-size planes.

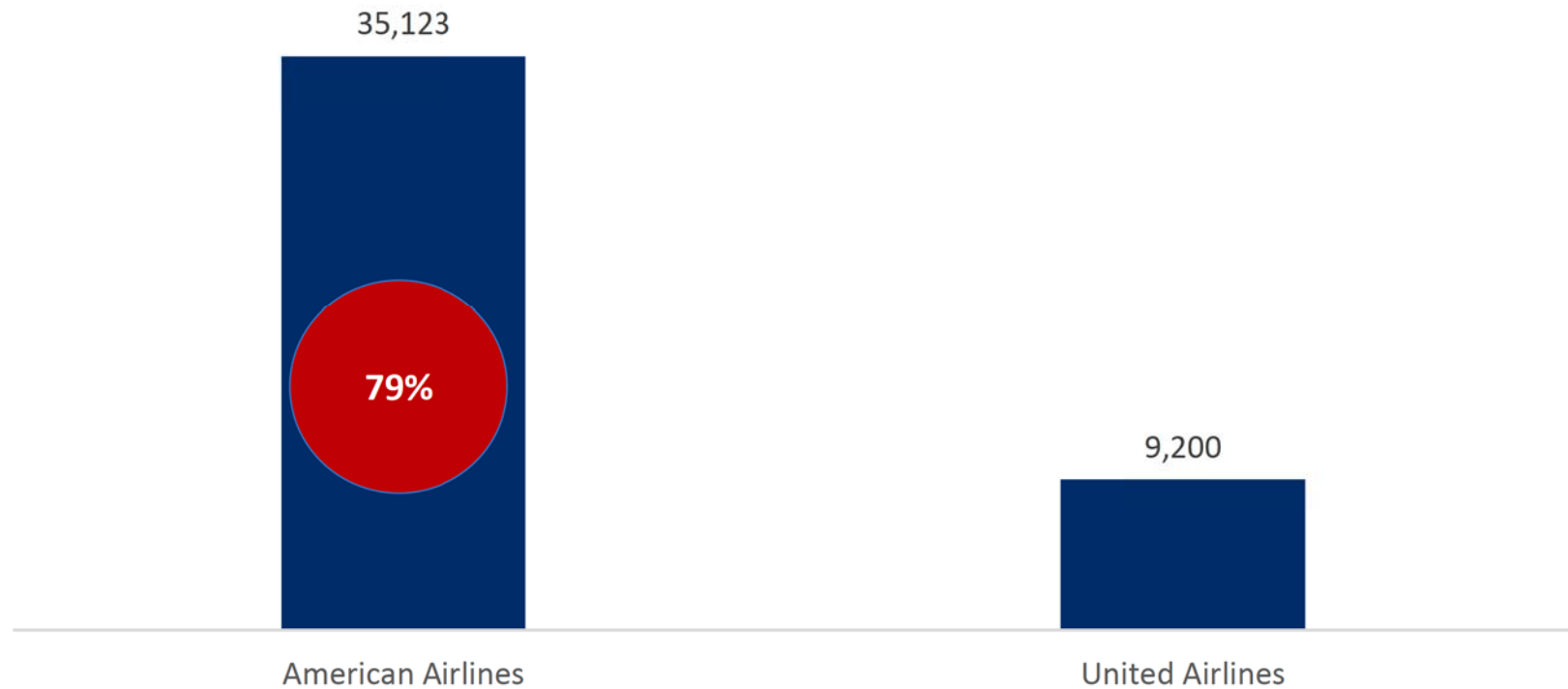
UA – GRK Top Markets 2Q 2021



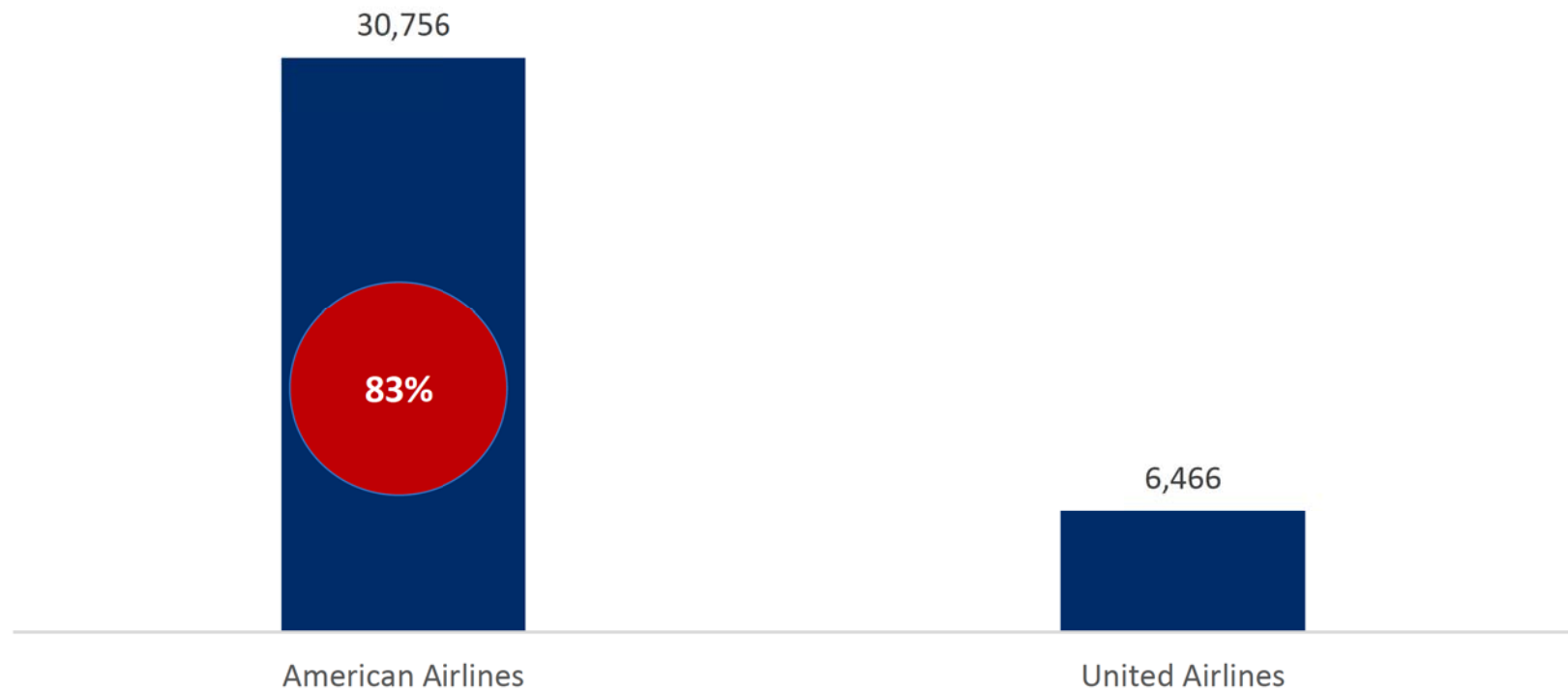
PDEW



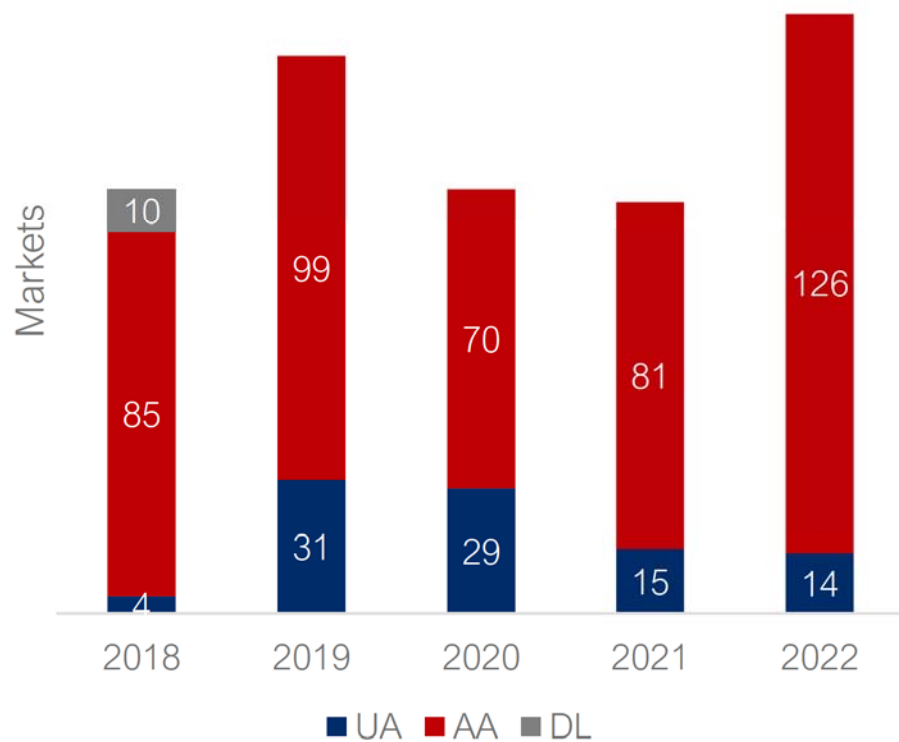
GRK – Airline Capacity Share 4Q 2021



GRK – Airline Passenger Share 2Q 2021



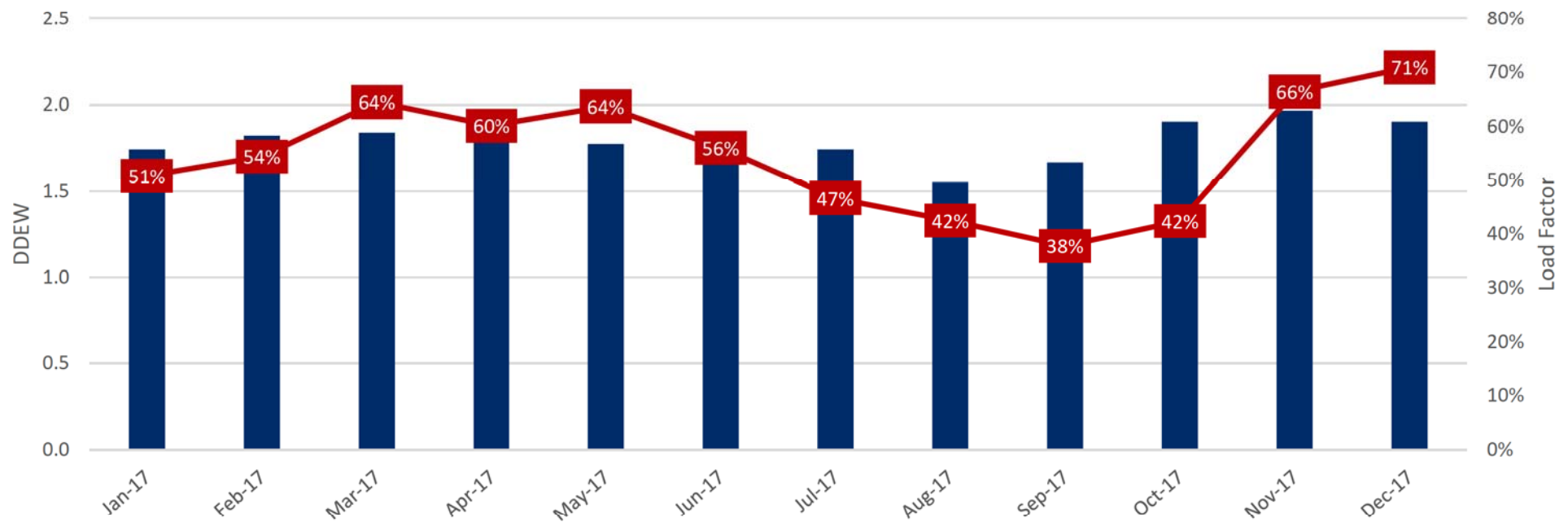
GSA – CITY PAIR PROGRAM



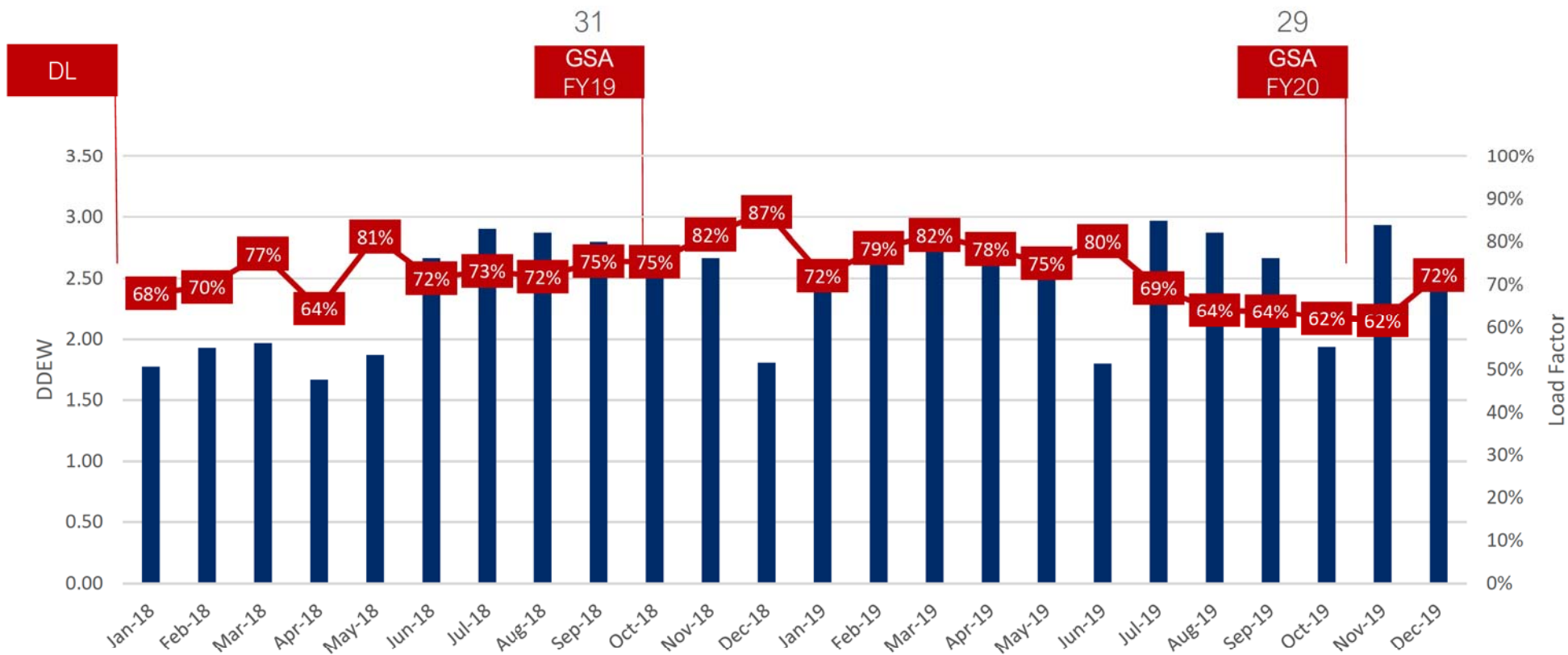
“Mission Critical”
“Enduring Installation”



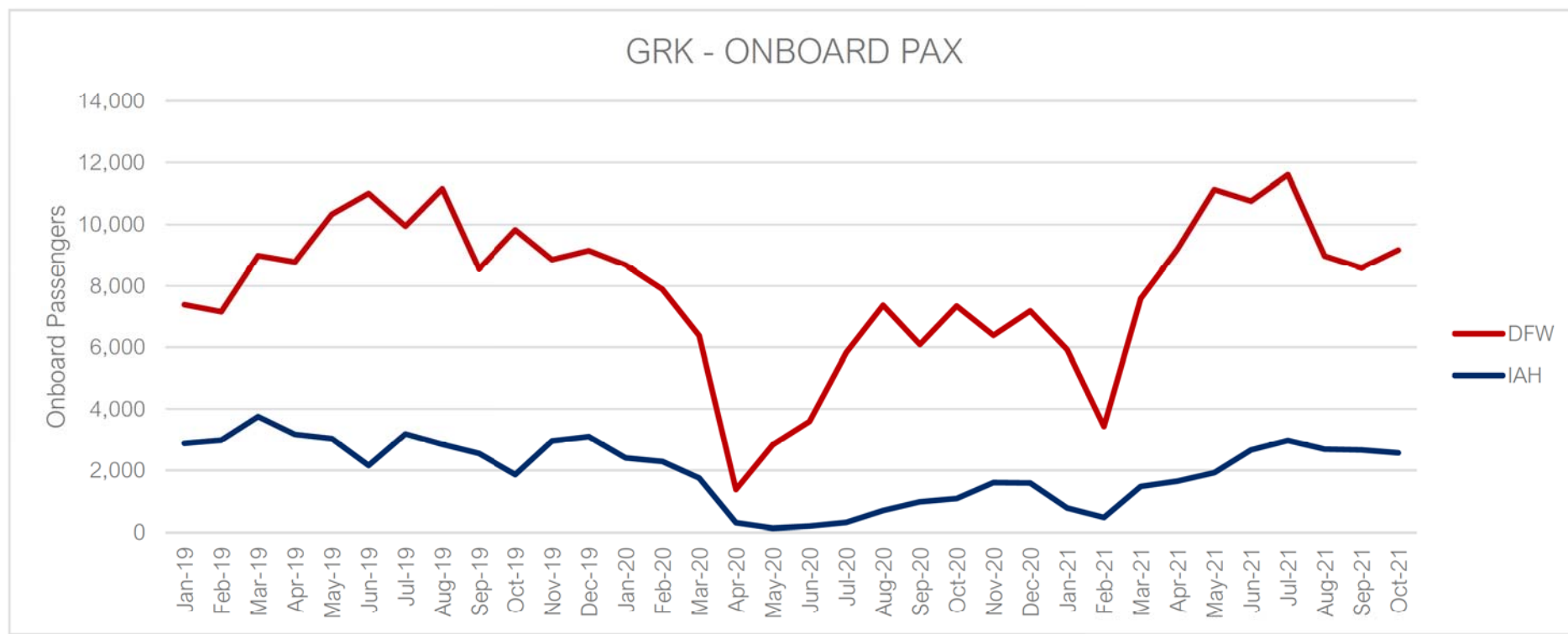
UA – Departures vs. Load Factor (CY2017)



UA – Departures vs. Load Factor



GRK – Onboard PAX Trend



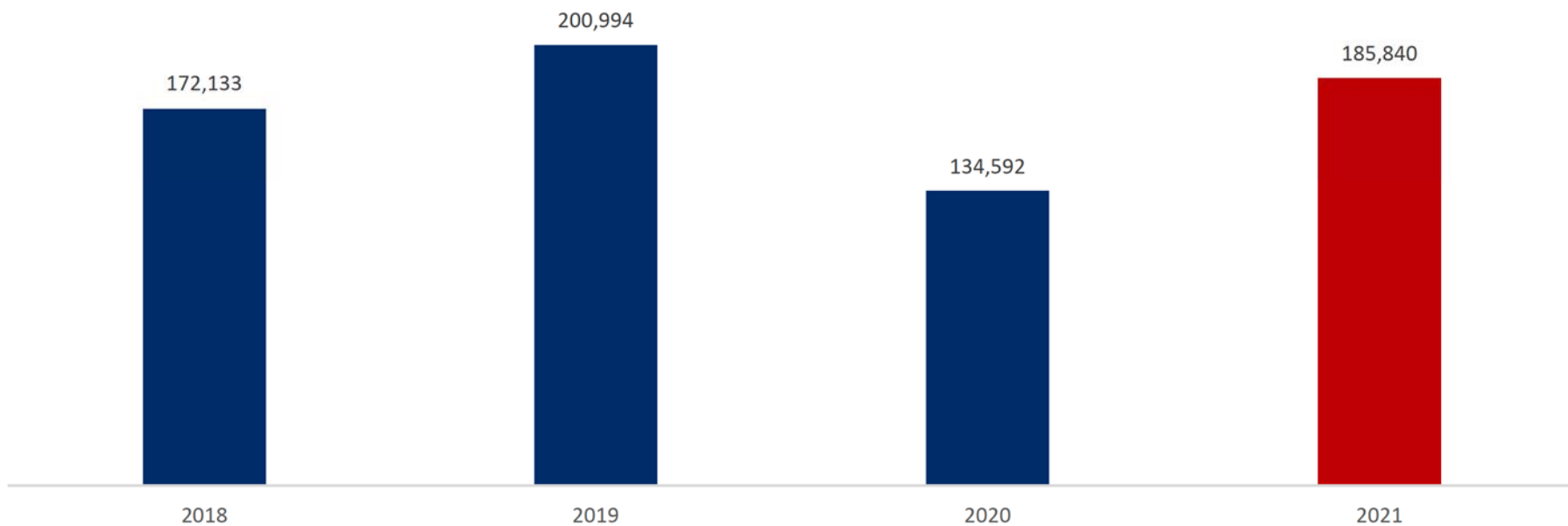
GRK – CAPACITY TREND (11.16.21)



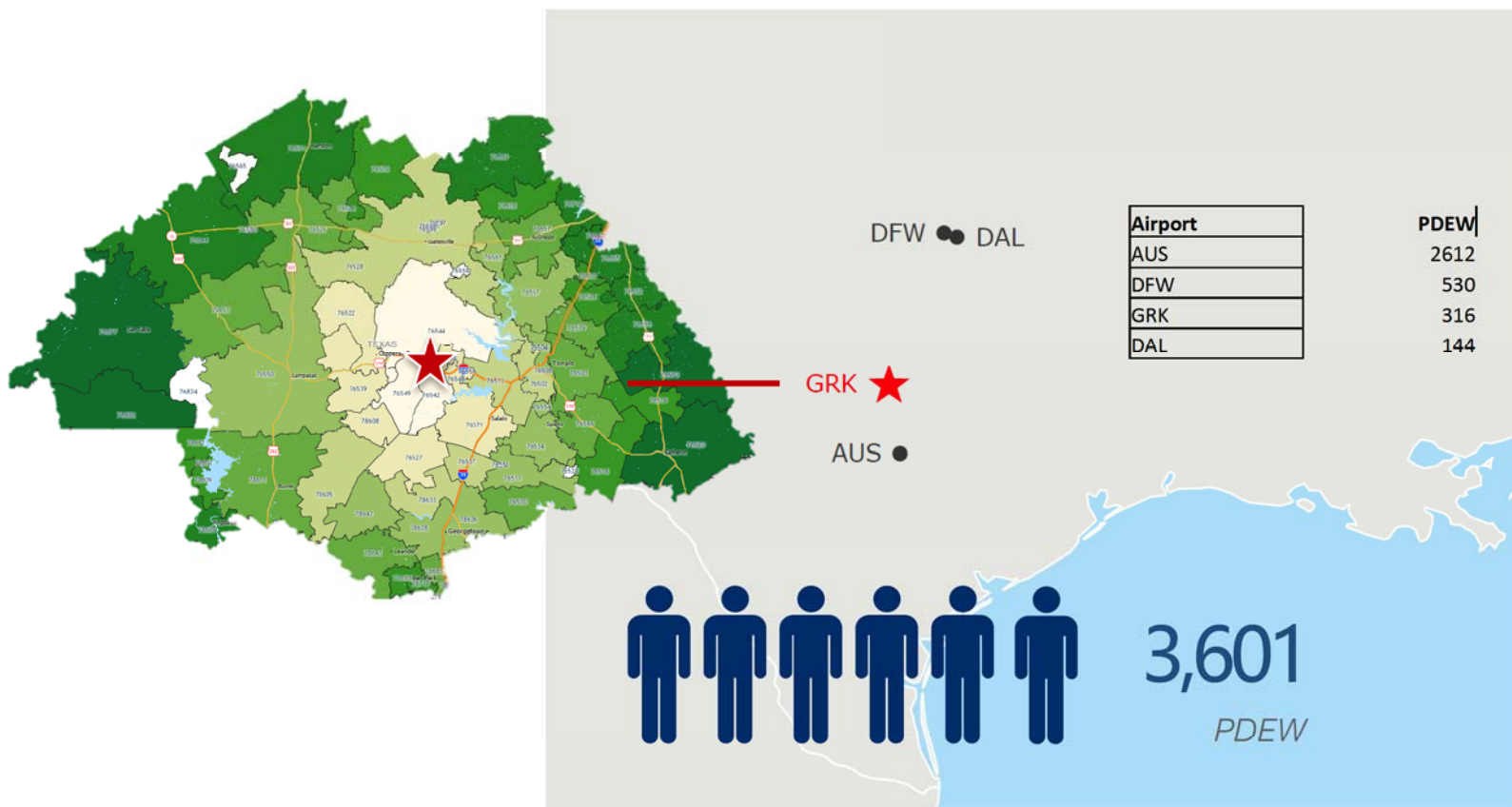
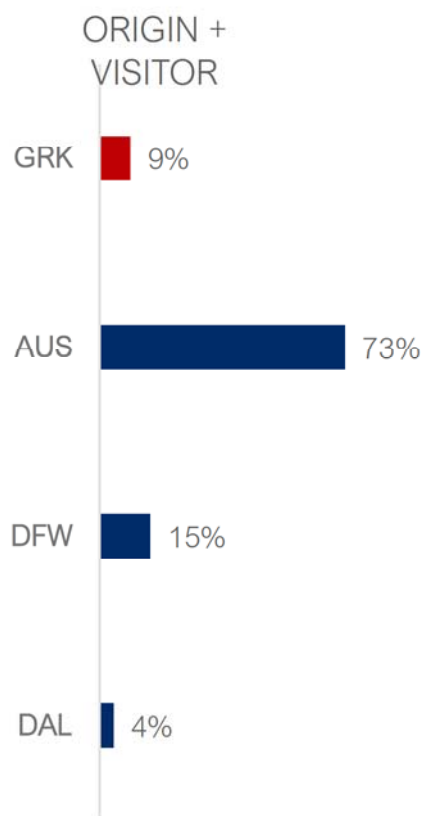
| Q1-2019 | Q1-2022 | | |
|-------------|-------------|-----------------------|-------------------------|
| Total Seats | Total Seats | Change of Total Seats | % Change of Total Seats |
| 42,684 | 38,653 | -4,031 | (9.44%) |

| Destination Airport Code | Month | Total Seats | DDEW |
|--------------------------|-------|-------------|------|
| DFW | 8 | 12,402 | 6.3 |
| DFW | 9 | 11,344 | 6.1 |
| DFW | 10 | 12,538 | 6.4 |
| DFW | 11 | 10,967 | 5.7 |
| DFW | 12 | 11,618 | 6.1 |
| | | | |
| IAH | 8 | 4,000 | 2.6 |
| IAH | 9 | 3,850 | 2.6 |
| IAH | 10 | 3,850 | 2.5 |
| IAH | 11 | 2,950 | 2.0 |
| IAH | 12 | 2,400 | 1.5 |

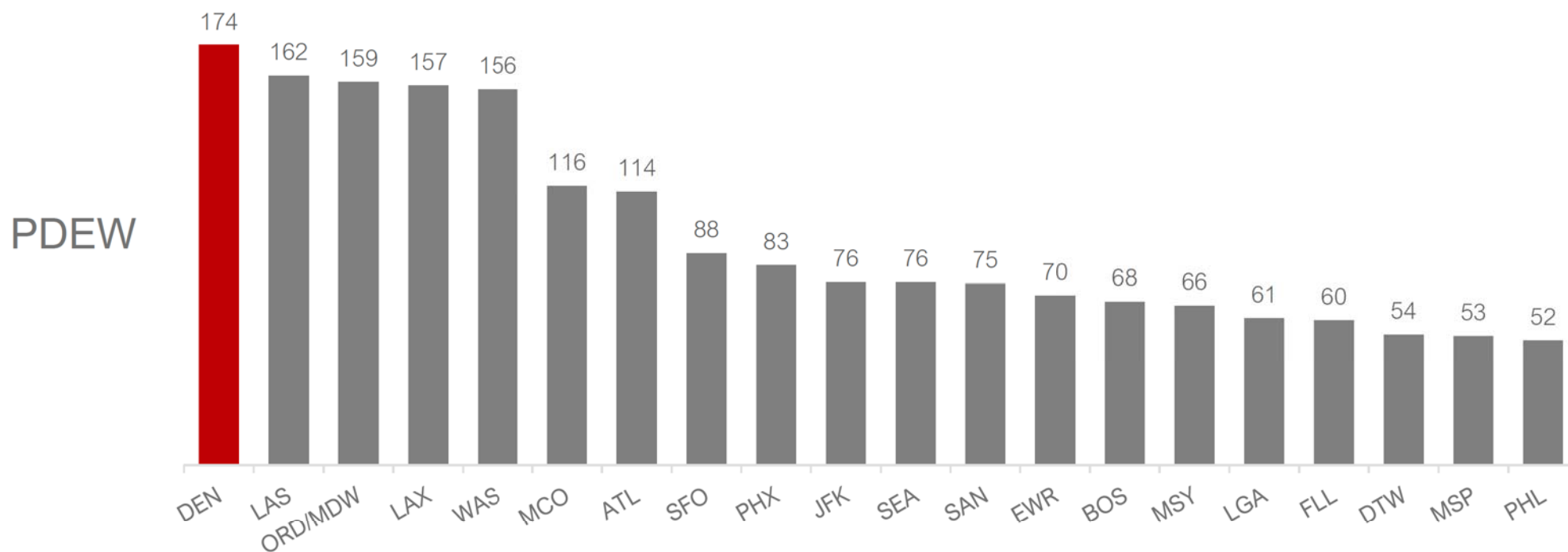
GRK – Capacity Comp (11.16.21)



TRUE Market Size (custom catchment) CY19



TOP 20 Markets (ORIGIN + VISITOR) CY19



GRK - DEN



DEN Radius Traffic



CATCHMENT

134 / 42 – PDEW

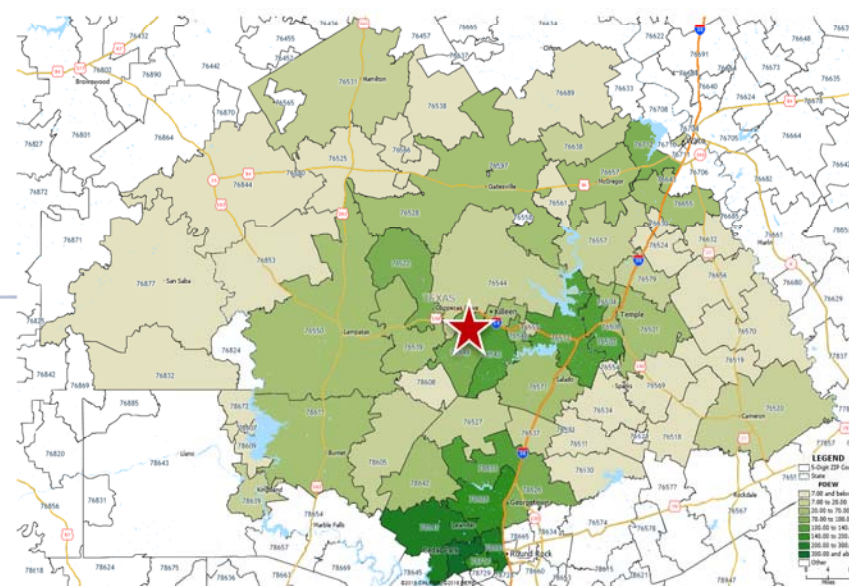
Origin and Visitor

TOTAL

174

Origin and Visitor

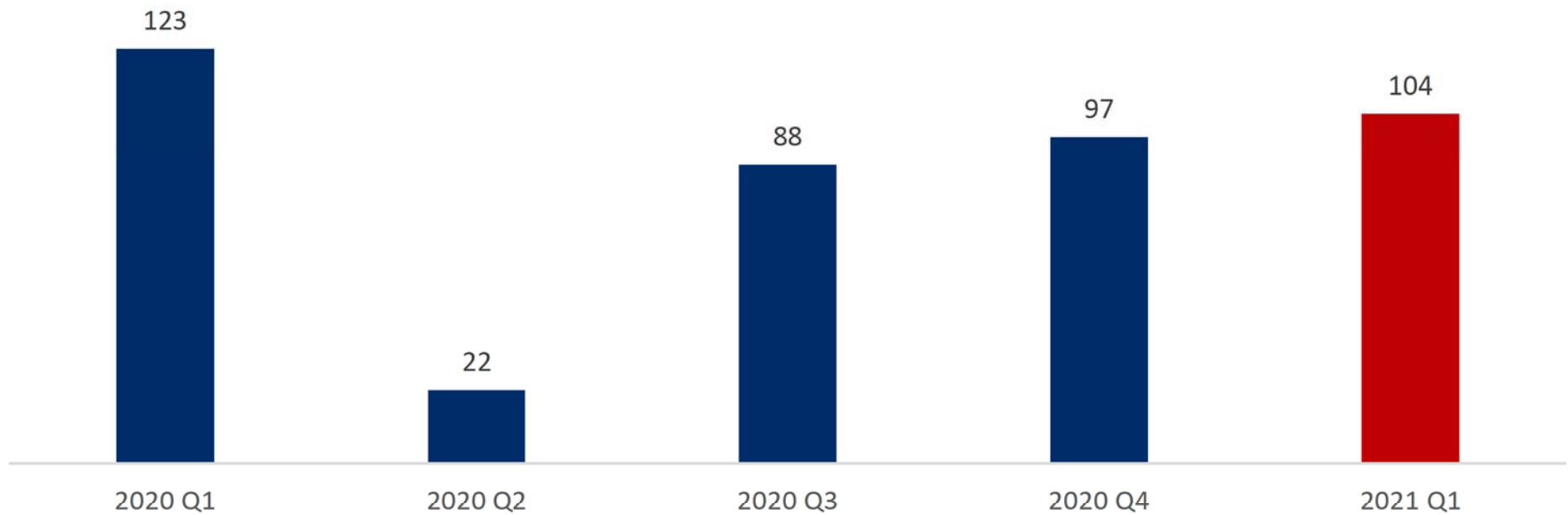
GRK CAPTURE
PDEW - 4



DEN/COS (ORIGIN ONLY)



PDEW





AIRPORT & Airline Share (Origin ONLY)

DEN – 132 PDEW

Southwest – 51%
United – 22%
Frontier – 11%
Spirit - 9%

AUS – 89%

GRK,AUS,DFW,DAL
(CY 2019)

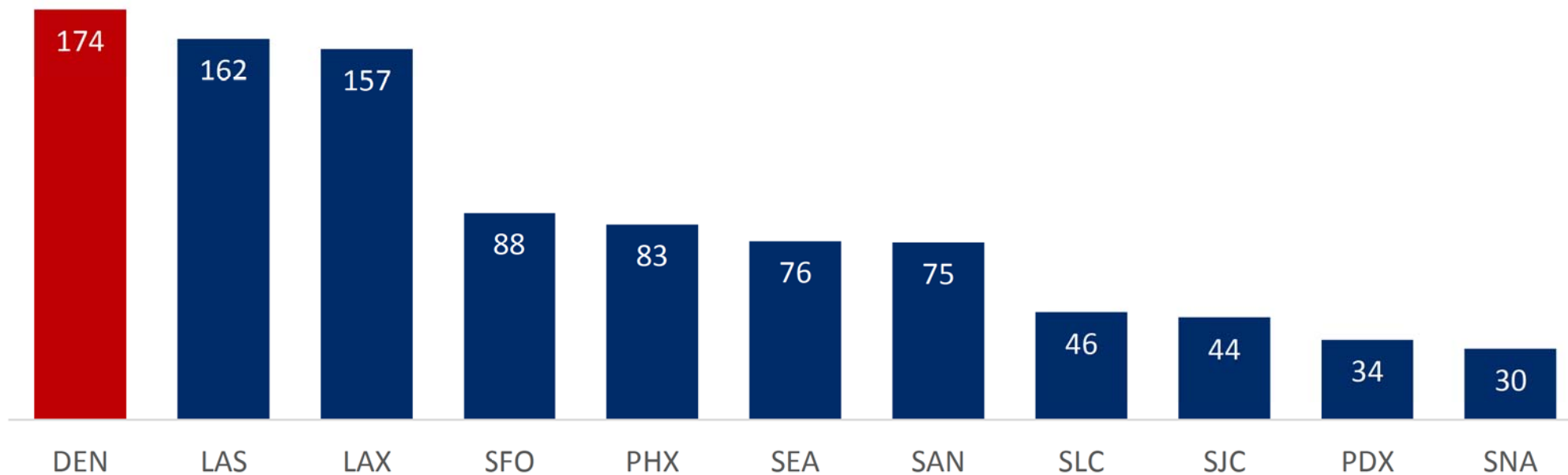
| GSA U.S. General Services Administration Federal Acquisition Service | | | | | | | | | |
|--|--------|-----------|---|--------------------|--------|------|------------|------------|------|
| City Pairs Program | | | | Airline City Pairs | | | | Back | Help |
| AUSTIN | DENVER | Southwest | N | 169.00 | 115.00 | 0.00 | 10/01/2020 | 09/30/2021 | |
| AUSTIN | DENVER | Southwest | C | 129.00 | 89.00 | 0.00 | 10/01/2021 | 09/30/2022 | |



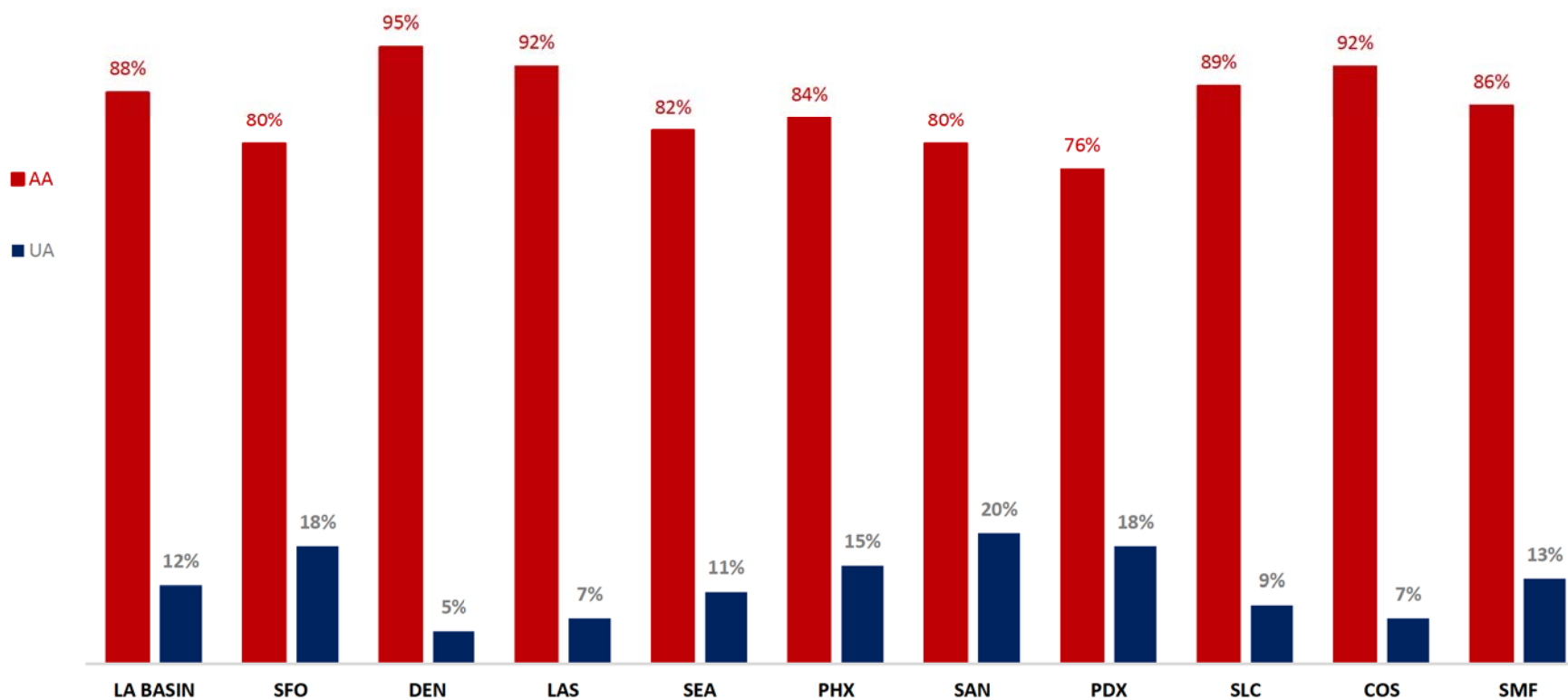
DEN Hub Flow Demand

PDEW

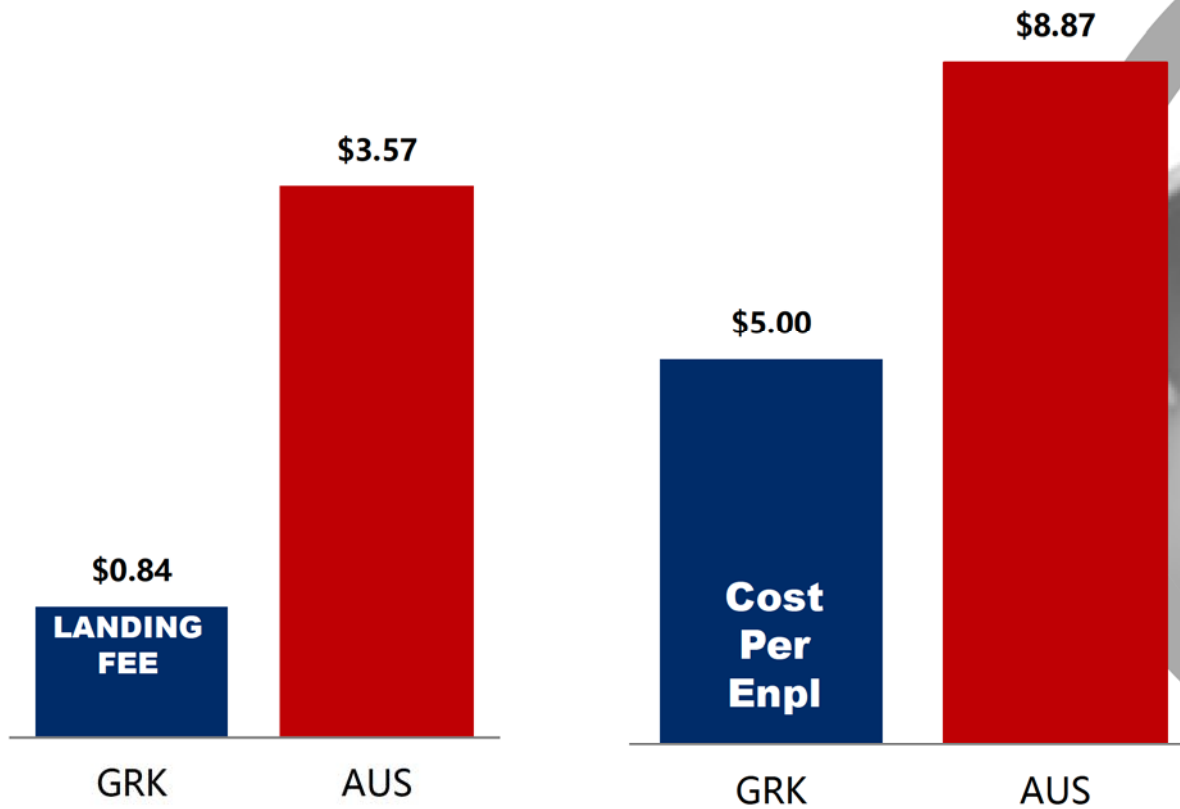
Total Pax flow
969 PDEW (TOP MKTS - WEST)
*66% circuitry applied



AIRLINE GRK Market Share (West) CY19



AIRPORT Cost Comparison





MARKETING PROGRAM

flyGRK.com



Travel made **EASY!**

[BOOK NOW](#)

YOUR Central Texas **HOMETOWN AIRPORT**

**We believe the world
revolves around you!**

Skip the drive, long lines, lost
time, and enjoy the many
benefits of flying from GRK.

With parking seconds from



flyGRK.com



**WE'RE GOING THE EXTRA MILE SO YOU DON'T
HAVE TO.**



**Don't start your trip
with a road trip!**

Whether it's a long overdue vacation, business trip, or just flying home to visit friends and family, we know you have options when it comes to air travel.

Instead of the long drive, traffic, and endless lines at neighboring airports, why not choose an easier option? The next time you fly, remove the hassle! Fly GRK!



BOOK NOW:

UNITED



American Airlines



LEARN MORE ABOUT GRK

AD Creative Examples



Why start your trip with a **Road trip?**
Save time. Save money.
fly **GRK!**

Killeen-Fort Hood
GRK
Regional Airport
Travel made **EASY!**

YOUR CENTRAL TEXAS HOMETOWN AIRPORT.

LEARN MORE

Why start your trip with **long lines?**
Saving time is saving money.
fly **GRK!**

Killeen-Fort Hood
GRK
Regional Airport
Travel made **EASY!**

YOUR CENTRAL TEXAS HOMETOWN AIRPORT.

LEARN MORE



- **SCOPE**

DOT Small Community Air Service Development Grant (FY2019-20)

Minimum revenue guarantee (MRG), associated marketing program and start-up costs to recruit, initiate and support new air service to **Denver (DEN)**. Alternatively, **Charlotte, Washington-Dulles** or **Chicago-O'Hare**.

AIRPORT INCENTIVES

Airport Fees

Waived landing fees / Ground handling support

Marketing Support Funds

\$MRG

2019/20 SCASDP
grant proposal

DEN or similar hub

| Category | Federal | Local | Total |
|---------------------------------|-------------|---------------------|-------------|
| Minimum Revenue Guarantee | \$1,000,000 | \$200,000 | \$1,200,000 |
| | | | |
| Marketing/Advertising (Private) | | \$10,000 (1% match) | \$10,000 |
| Marketing/Advertising (Airport) | | \$100,000 | \$100,000 |
| | | | |
| Airport In-Kind Contribution | | \$20,000 | \$20,000 |
| Community In-Kind Support | | \$50,000 | \$50,000 |

TOTAL

\$1,380,000



 sun country airlines



EASY, NONSTOP FLIGHTS
FROM \$39*







FRONTIER
AIRLINES

NEXT STEPS

- 1) Define additional air service support mechanisms.
- 2) Communicate opportunity with targeted air carriers.
 - 1) United Airlines
 - 2) Frontier
 - 3) Sun Country
 - 4) Breeze Airways
- 3) **Patience and persistence...**





Thank you
