

EXCLUSIVE: Q&A with Eastern Airlines CEO Ed Wegel

By [Benét J. Wilson](#) November 5, 2014

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By *Benét J. Wilson / Published November 5th, 2014*

Edward J. Wegel is the president and CEO of the new Eastern Airlines, based in Miami. He is an airline/aerospace executive with nearly 30 years of industry experience, working for carriers including Pan Am, Atlantic Coast Airlines, Chautauqua Airlines, Tower Airlines and Mesa Air Group. He graduated from the U.S. Military Academy at West Point and received his MBA in finance from the University of Northern Colorado. Below, we discuss topics including reviving the Eastern name, the climate for start-up airlines and the carrier's niche in the industry.



AirwaysNews.com: What made you want to get back into the airline business?

Ed Wegel: I'm not sure I ever left. The bankruptcy estate of Eastern Airlines, which is still around, came to me in 2007 and asked me to put together a business plan to relaunch the airline. We looked at it and put together a first plan and raised some capital in the summer of 2008. Then in September 2008, there was the global economic meltdown and it became impossible to raise money when the world was in a depression. It's hard enough to raise money for an airline, but in this environment, it was impossible. So we put the plan on the shelf, then brought it back in 2010 after putting some meat on the bone and raising money.

You need a smaller amount of money to get into the air as an ACMI (aircraft, complete crew, maintenance, and insurance) or charter operator. After we get an aircraft on our certificate, we will

have the momentum we need to raise more money and start scheduled service. We hope to start a round of financing after being certified early next year.

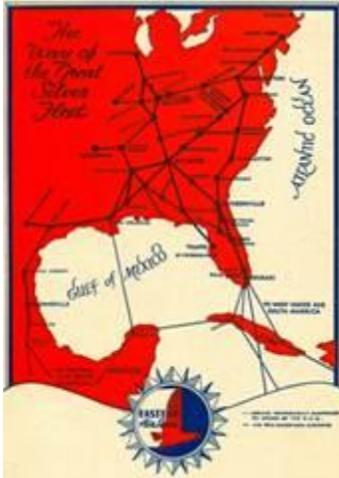


AN: Eastern was an iconic airline brand. Why use that name for your airline instead of starting with something new?



EW: The original Eastern Airlines shut down in January 1991. Think of all the changes in the airline industry since, including the creation of low-cost carriers and ultra low-cost carriers, along with all the legacy carriers going through bankruptcy. We respect the past and the name, along with where it operated and its philosophy. So we want to bring it back with newer aircraft, the Boeing 737-800, in our fleet.

When our first aircraft arrives in December, we will pay homage to the past, especially with who the aircraft will be named after. We want to create a business that's in line with what everyone has learned in the past 20 years with things like fuel hedging and handling maintenance. Eastern will be modernized, but still pay homage to its legacy. We've all learned so much since deregulation and since the original Eastern shut down.



AN: The industry has not been kind to start-up airlines. What are you doing to make sure that the airline becomes a success?

EW: The industry has not been kind to almost all airlines. Take a look at Spirit Airlines, which had difficulties before it became what it is now. We're looking at what others did, right and wrong. The mistake made by most new carriers was going it alone, not having enough money, offering few amenities and not having the right mix of aircraft and cities. We want to do it right by working with other carriers and being a part of the airline community. Why not just start with all that stuff instead of adding it later?

We're bringing back Eastern as a legacy airline, but with the costs of a new-entrant carrier. There are passengers who want to connect out of Miami who don't fly on American Airlines. So we want to codeshare and interline with them and offer feeder traffic. We also want to do charter and ACMI.

We could operate for Caribbean carriers who can't afford the aircraft themselves, but not in the U.S. We have no intention of competing against regionals like Republic, Mesa and Trans States.

The Eastern Airlines name is still very well known in Miami and Latin America, and we think it's a huge advantage to have that name recognition. That's why I think Boeing said we want to sell you aircraft. We also think it's why Mitsubishi came to us with its regional jet and CAE approached us to power the Eastern Flight Academy. If we were just ABC Airlines, I don't think any of this would be happening.



AN: Normally start-up carriers begin operations with used aircraft. But Eastern has agreements for new 737s and the 90-seat Mitsubishi Regional Jet. Why did you decide to go with new aircraft?

EW: Boeing came to us after we filed our [Department of Transportation] 401 [certificate of public convenience and necessity for scheduled or charter operations] in February. They saw that we had submitted it with the idea that we'd use Airbus A320s. So they called and said they wanted to make a deal that was worth our while, and I'm happy with that decision. Boeing has been a crucial strategic partner and has gone out of its way to help us with technical and manual support on the operations side. They have been a great strategic partner. We have 10 firm orders for Next Generation 737-700s and purchase rights on 10 737 MAX 8s. Eastern was the first airline to operate the 727 and 757, and Boeing wanted us to be a customer.

Mitsubishi came to us, showed us a better cabin for passengers and the aircraft's geared turbofan, and pointed out that the cost for its 90-seat is same as 737-400.



AN: Where are you with the FAA and DOT approvals process?

EW: We've finished with the DOT and answered all answered their questions. We're proceeding through the certification process. Our first aircraft, which is being painted, arrives in the second week of December.

AN: When do you hope the airline will begin scheduled passenger service?

EW: We need to do another equity raise. We're focused on certification and getting our aircraft. We're working on getting people excited about the name and getting our infrastructure in place. Our

team is taking this in smaller pieces first, because it gives investors a level of comfort that we're executing our plan, and that builds on itself. We're hoping to do our next round of financing in the spring.



AN: What do you see as your niche in the airline industry?

EW: We think we can be an effective provider of airline services in Miami. We'll have a hanger and the Eastern Flight Academy, with 10 simulators. We'll operate ACMI and charters, and see how we can work with sports leagues, since one of our investors is the owner of a National Hockey League team. Eventually, we'll go into scheduled service. We think we can handle between 20 and 25 aircraft. We want others to see that we can offer a safe, efficient airline and make money.



AN: What do you hope the airline will look like five years from now?

EW: I think that five years from now, we'll be operating a very good charter division with eight to 10 737s. We'll also be effectively employing MRJs for ourselves and other airlines, along with operating between 20 and 25 aircraft out of Miami. We will also provide a maintenance operation and a flight training business.

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Eastern's first 737-800 shows its colours

by [Edward Russell](#) on 5 November, 2014 in [Airlines](#), [Americas](#)

The first Boeing 737-800 bound for start-up Eastern Air Lines has rolled out of a paint shop in Ireland, adorned in the former US trunk carrier's iconic livery.



Computer generated image of an Eastern 737-800. (Eastern Air Lines)

Two photos of the aircraft – seen [here](#) and [here](#) – which will be registered N276EA but continues to operate under the registration 5Y-KYB of former operator Kenya Airways, at Shannon International have appeared on the [Airliners.net](#) website.

The 737-800 was first delivered to Kenya Airways under lease from BOC Aviation in 2006, the Ascend Fleets database shows. FLY Leasing, which is leasing the aircraft to Eastern, bought it in 2011.

Eastern plans to [launch charter services](#) from a base at Miami International airport to destinations in the Caribbean and Latin America in early 2015, chief executive Edward Wegel told Flightglobal in July. It plans to add scheduled flights later that year.

The carrier has yet to secure an operating certificate from the Department of Transportation, with a series of responses to questions on its financial position and ownership dated 27 October the latest filing with the regulator in this process.

Despite lacking an operating certificate, Eastern has firm orders for 10 737-800s and 20 Mitsubishi Regional Jet 90s, Ascend data shows. It [finalised the MRJ](#) order in September after [announcing it at the Farnborough air show](#) in July and [announced the 737 order](#) in May.

Eastern is just the latest relaunch of an iconic aviation brand, that has included attempts to bring back venerable names ranging from Braniff to Pan Am.

A new People Express [began service in June](#) but shut down again in September [citing maintenance issues and aircraft and crew availability](#). It remains grounded [pending government approval to restart flights](#).

Eastern shut its doors in 1991, after more than a decade of cutbacks and losses. It was one of the largest airlines in the world in its heyday, as this [route map from 1980](#) attests.

- See more at: <http://www.flightglobal.com/blogs/airline-business/2014/11/easterns-first-737-800-shows-colours/#sthash.ckELsChp.dpuf>