

May 6, 2020

**BY EMAIL**

Ms. Lauralyn J. Remo  
Chief, Air Carrier Fitness Division  
Office of Aviation Analysis  
U.S. Department of Transportation  
1200 New Jersey Ave. S.E.  
Washington, D.C. 20590

Re: Eastern Airlines Certificate Activation - Scheduled  
Interstate Air Transportation (Docket OST-2014-0071)

Dear Ms. Remo,

Eastern Airlines LLC respectfully requests that its scheduled interstate certificate be activated to enable it to provide non-stop combination flights between New York, NY (JFK) and San Diego, CA (SAN).<sup>1</sup> In addition to its interstate scheduled certificate, Eastern currently holds certificate authority for scheduled foreign air transportation and interstate and foreign charter air transportation.

Eastern plans to begin domestic scheduled service between New York JFK and San Diego in approximately 30 days. In addition to the information submitted with this letter, in support of this request Eastern relies on the documents and information submitted in previous applications for authority.

Eastern is a privately-owned low-cost carrier with an experienced management team. The airline is well financed and there has been no change in ownership since Eastern's last information submission to the Department.

Prior to its start of scheduled international service at the beginning of 2020, Eastern launched a new website with a strong customer-company interface, and has staff for handling customer issues and responding quickly to customer needs. Eastern began service to Guayaquil, Ecuador from JFK on January 12, 2020 with

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<sup>1</sup> Eastern was previously issued scheduled interstate authority by Order 2015-10-15 (Oct. 23, 2015), authority which was reissued in the name of Eastern Airlines, LLC by Order 2018-10-9 (Oct. 5, 2018). This authority needs to be reactivated pursuant to Order 2017-1-3 (Jan. 3, 2017).

one weekly flight and, due to strong customer demand added a second flight on February 5.

Due to closure of the airport as a result of COVID-19, Eastern suspended this service on March 15, but plans to return as conditions permit. Similarly, Eastern planned a March 5 start of service to Georgetown, Guyana, after a lengthy delay caused by the Government of Guyana in violation of the bilateral agreement. However, this service was also postponed because of the virus. As with Guayaquil, Eastern will start Georgetown service as soon as health/safety conditions permit.

It bears emphasis that in response to the COVID-19 crisis, by May 6, 2020 Eastern will have operated 65 US citizen repatriation flights bringing home over 12,000 passengers from over 14 different countries without cost to the U.S. government. In this successful operation, Eastern worked closely with the State Department, the Department of Transportation and US embassies and their host countries throughout the Western Hemisphere. In addition, Eastern has repatriated approximately 2,000 foreign citizens back to their homes from the U.S. *See Exhibit J.*

Eastern has Department authority to operate up to ten (10) aircraft and may operate three (3) aircraft in scheduled foreign air transportation.<sup>2</sup> Eastern currently operates a fleet of eight (8) wholly owned B767 widebody aircraft. At this time, Eastern respectfully requests the Department remove the limit on aircraft Eastern may operate including for scheduled interstate and foreign air transportation. Eastern believes it has demonstrated its ability to operate an expanded fleet and needs flexibility to develop its interstate service. Eastern believes the FAA will not have any objection to this request.<sup>3</sup>

In making this request, Eastern notes it is certified as a member of the Civil Reserve Air Fleet program, which requires a “white glove” safety audit by the Department of Defense.<sup>4</sup>

Eastern offers the following additional, updated information in support of its request:

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<sup>2</sup> See January 31, 2020 letter from Lauralyn Remo.

<sup>3</sup> Eastern is currently working with FAA to obtain its over water Extended Twin Operations (ETOPS) certification.

<sup>4</sup> See <https://www.amc.af.mil/About-Us/Fact-Sheets/Display/Article/144025/civil-reserve-air-fleet/>.

1. Eastern is a limited liability company with its principal place of business at 550 E. Swedesford Road, Suite #210, Wayne PA 19087, tel. (336) 790-7533.
2. Eastern is a citizen of the United States within the meaning of 49 U.S.C. § 40102(a)(15)(C) and is fit, willing, and able to provide the services contemplated by this application. Pursuant to 14 C.F.R. § 204.3, Eastern requests the Department take official notice of all information previously filed to establish its fitness.<sup>5</sup>
3. Eastern has employed Jyri Strandman as its Eastern Vice President of Flight Operations. *See* Exhibit A. Mr. Strandman is a citizen of the United States. *Id.*, including letter dated Jan. 27, 2020, confirming Mr. Strandman meets the requirements of 14 C.F.R. Parts 119.65 and 119.67. Eastern has not undergone any other substantial changes in management or ownership.
4. Eastern holds a certificate authorizing scheduled international combination service between the U.S. and Guyana.<sup>6</sup> Eastern also holds exemption authority to operate: between the U.S. and Mexico<sup>7</sup>; between the U.S. and Ecuador<sup>8</sup>; and between the U.S. and any Open Skies country<sup>9</sup>. There have been no material changes within the Company that would affect those prior fitness findings.
5. Eastern's balance sheets, income statements and cash flow statements for the previous three months, attached as Exhibit B. Notes to these financial statements are attached as Exhibit C.
6. Eastern plans to initiate service between JFK and SAN beginning on or about June 1, 2020. Eastern will operate on the following initial schedule:

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<sup>5</sup> § 204.3 provides "If the applicant has previously formally filed any of the required data with the Department or with another Federal agency and they are available to the Department, and those data continue to reflect the current state of the carrier's fitness, the applicant may instead identify the data and provide a citation for the date(s) and place(s) of filing." Eastern relies on data it submitted with its March 16, 2018 Information Response and April 2, 2018 Application for Reissuance of Certificates in dockets DOT-OST-2014-0069 and DOT-OST-2014-0071 and asks the Department to take notice of the data.

<sup>6</sup> *See* Order 2019-5-6, Docket DOT-OST-2014-0071 (May 6, 2019).

<sup>7</sup> *See* Notice of Action Taken, Jan. 10, 2020, Docket DOT-OST-2019-0174.

<sup>8</sup> *See* Notice of Action Taken, May 28, 2019, Docket DOT-OST-2019-0029.

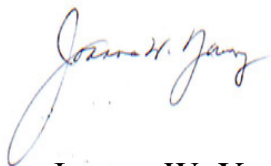
<sup>9</sup> *See* Notice of Action Taken, March 3, 2020, Docket DOT-OST-2019-0185.

From	To	Dep. Time	Arr. Time	Flight #	Equip.	Freq.	Stops
JFK	SAN	2300	0150+1 LCL	432	B767	W/Fr/Su	0
SAN	JFK	0630	1510 LCL	431	B767	W/Fr/Su	0

7. Eastern's financial fitness is summarized in Exhibit E. A forecast income statement for the first year of the proposed service is attached as Exhibit F, and notes to this statement are attached as Exhibit G. A forecast balance sheet for the first year of the proposed service is attached as Exhibit H, and notes are attached as Exhibit I.
8. Awarding this authority is in the public interest as it will provide new low-fare non-stop service between New York City and San Diego on wide-body aircraft. Eastern is the only U.S. low fare scheduled carrier to operate long-haul widebody aircraft.
9. Eastern expects no difficulty obtaining fuel for the proposed service from regular suppliers. Annual fuel consumption will not exceed the 10-million-gallon threshold specified in section 313.4(a)(1) of the Department's regulations.

Eastern would like to begin preparations for its JFK-SAN service as soon as possible. Accordingly, a timely review and decision would be greatly appreciated.

Sincerely,



Joanne W. Young  
David M. Kirstein

Counsel for Eastern Airlines, LLC

cc: Docket OST-2014-0071  
Mr. Todd Homan  
Mr. Damon Walker

Eastern Airlines  
Request to Activate Scheduled Interstate Certificate  
Docket DOT-OST-2014-0071

<b>Exhibit</b>	<b>Description      <u>Exhibit List</u></b>
A	Resume, Citizenship Attestation, and Certification of Jyri Strandman
B	Balance Sheet, Income Statement, and Cash Flow Statement
C	Notes to Financial Statements
D	Route Map
E	Financial Fitness Summary
F	Pro Forma Income Statement
G	Notes to Pro Forma Income Statement
H	Pro Forma Balance Sheet
I	Notes to Pro Forma Balance Sheet
J	March-April 2020 Repatriation Flights Summary

## **EXHIBIT A**

## **Jyri Strandman**

### **Professional Experience**

Since January 2020

**Eastern Airlines LLC**

Wayne, PA

Vice President, Flight Operations

April 2019 to October 31, 2019

**Canada Jetlines, Ltd.**

Vancouver, BC

Special Operations Advisor, Chief Operating Officer

- Consulted CJL in its ULCC startup phase on operational matters; training, regulatory compliance, innovation in the ULCC space, vendor selection and programs core design
- Since July 01, 2019 converted to full time COO, directly responsible for Maintenance and Engineering, Pilots, Flight Attendants, Safety and Security, Operations Control Center and Scheduling Planning and Operations
- Evaluated, sourced and pushed the vendor software implementations to a higher degree of integration in order to create smaller departments - significant cost savings
- Created and delivered in accordance with the Project Plan; high quality manual submissions to Transport Canada ahead of schedule
- Coordinated the Operations-Commercial interface in order to create highly functional and productive network and schedules

January 2019 to December 2019

**ATP Jets**

Bedford, TX

Instructor Pilot

- Training ATP CTP courses in the Bombardier CRJ, Boeing 737 NG and Airbus A320 Flight Training Devices (FTD) and Full Flight Simulators (FFS)

December 2017 to October 2018

**Go Airlines (India), Ltd.**

Mumbai, India

DGCA Accountable Manager, Chief Operating Officer

- Operational Control and Regulatory Oversight of the airline; Engineering, Airport Operations, Flight and Inflight Operations, Rostering, Dispatch and Safety
- Prepared the operational groups and manuals for international operations
- Researched and negotiated ATF importing for cost savings of 6% annually
- Created a close working relationship with the DGCA and Ministry of Civil Aviation (MoCA), including the honorable Secretary Choubey – leading to regulatory drafting and revisions in working groups
- Advanced the Company's relationship with the business partners
- Renegotiated engine and airframe MRO contracts for 12 and 37% savings, respectively
- Managed the on-off start of expansion with the severe challenges of Airbus A320 neo introduction with PW GTF engines

## **Jyri Strandman**

- Restarted the pilot hiring process, established metrics for flight crew staffing levels
- Rebuilt the Pilot Training Department to accommodate rapid expansion
- Created the working group and the process of improving on time performance, India leading stats for 11 months, starting from September 2018 onward

September 2010 to December 2017 **Spirit Airlines, Inc.** Miramar, FL

Director, Flight Training and Standards and Technical Publications until May 2013; since then FAA Part 119 Director of Operations and Vice President, Flight Operations

- Regulatory oversight and Operational Control of the airline in the FAA and ICAO/DGAC theatres of operation
- Flight Operations \$200M annual budget/fuel budget of over \$450M
- Introduced 74 new and 2 used Airbus A320 family aircraft
- Oversight and management of the A320/A321 Sharklet and A320 neo entry in to service
- Delivered the first Sharklet A320 and North American A320 neo with PW GTF engines
- Labor negotiations with ALPA, Int'l represented pilots and TWU represented dispatchers, bringing both contracts to closure
- Oversight and development of the Dispatch group for one and a half years
- Development of the business case and introduction of EFB
- Readyng the company for fleet wide Wi-Fi introduction and subsequent data harvesting from, and data push to aircraft
- FAA NextGen initiatives evaluation; ADS-B Out, RNP AR, CPDLC
- Created the process and converted Pilot and Flight Attendant paper-based training records to FAA Approved Electronic Record Keeping System
- Created and implemented Technical Publications to enterprise-wide solution
- Redesigned Pilot Manuals for MFG/FAA compliance
- Created and managed positive, proactive relationship with FAA DTW FSDO and MIA CMO-29
- Budget for Flight Training and Instructor Pilots
- Oversight of all regulatory training programs; Dispatchers, Flight Attendants and Pilots
- Modernized and standardized pilot training; maximized partial task training in lower cost FTD's, minimized FFS footprints; more efficient and effective training – higher quality, significant savings
- Started the Lead Instructor Program to advance instructor involvement and ownership
- Imbedded fuel conservation into the training and checking standard events
- Remained current and qualified as a Captain on the A320 family of aircraft, over 12800 hours of flight experience, with some 5000 hours of instructional delivery

Jan 2008 to Sep 2010

**Virgin America**

Burlingame, CA

A-320 Captain, Check Airman, APD and Manager of Flight Operations Training

- Redesigned all pilot training/qualification programs – higher quality at a lesser total cost
- Launched FAA Examiner Program – the first in the country to utilize IACRA with Subpart N & O Program (needed significant development with the FAA technical support group)
- Moved the training department to centralized location resulting in 22 less pilots needed



## **Jyri Strandman**

- Built a very strong training team with strategic functional capabilities
- Imbedded fuel conservation into the training and checking standard events
- Turned around and created positive, proactive FAA relationship with SJO FSDO

Dec 1988 to Jan 2008      **American Eagle Airlines, Inc.** Fort Worth, TX

SF-340, EMB-145 and CRJ700 Captain; Multiple training and management roles since 1996

- Line Check Airman, Simulator and Airplane Instructor in the SF-340
- Flight Standards; qualifying new SF-340 Line Check Airmen in the actual aircraft
- Led the CRJ700 training development and implementation
- Interviewed, hired and trained the Initial Cadre Check Airmen
- Designed and acquired FAA approval for the Training Program; implemented ahead of schedule and budget
- Qualified in all training/checking positions, including APD in the CRJ700
- Manager of Flight Standards; training and oversight of over 200 Instructors, Check Airmen and Examiners on two turboprop and two jet fleet types, Part 121 and 142
- Conceptualized, developed and managed a Pilot/Dispatch Fuel Conservation Program; 2007 savings over 15.7M GAL (goal 9.8M), amounting to \$40M savings
- Flight Operations Steering Committee – Operational decision-making for 4 different fleet types

1988      **Air Exchange**      Dallas, TX

Captain - scheduled Part 135 cargo flying; helped the company acquire new cargo contracts to warrant a larger airplane on the designated routes

1986 - 1987      **Eagle Aviation**      West Columbia, SC

Flight Instructor - Instructed private, commercial, instrument, CFI and CFII students

### **Education**

1985-1986      **North American Institute of Aviation**      Conway, SC

Professional Pilot Program, graduated in April 1986

1982-1985      **Taavetin Lukio**      Taavetti, Finland

Upper Secondary School/Gymnasium, graduated in May 1985; 1983-1984 as an exchange student in Ohio, USA

## **Jyri Strandman**

1996-2018

Numerous management and leadership working groups, classes and conferences

### **Volunteer Work**

Youth Group Leadership  
Volunteer Firefighter  
Men's Study Group Facilitator  
Habitat For Humanity  
Operation Care Lift Puerto Rico  
Served as FFDO for 14 years

### **Working Groups**

Represented Spirit Airlines at National Air Carrier Association (NACA)  
Represented GoAir at Ministry of Civil Aviation (MoCA) working group meetings in New Delhi, India

### **Pilot Information**

#### **Licenses and Certificates:**

**FCC Radiotelephone Permit**

**Current I Class Medical Certificate**

**US Passport** 505667630

**ATP** 002369809

**Type Ratings** SF-340, EMB-145, CL-65, B-737, A-320

**Instructor/Check Airman** SF-340, CL-65, B-737, A-320

**Pilot Examiner** CL-65 (SIM and Aircraft), A-320 (SIM Only)

#### **Hours:**

**Total Time** 12 884

**PIC** 6 881

**SIC** 5 953

**Part 135/121** 10 000+

**Turbine Aircraft** 10 638

**Instructional Delivery** 5 000+

# EASTERN



April 28, 2020

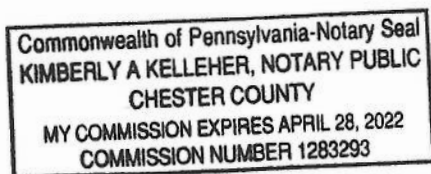
To whomever it may concern,

I, Jyri Strandman, attest that I am a citizen of the United States of America and that I am in possession of a United States Passport number [REDACTED].

Should there be any questions, please do not hesitate to call me.

Sincerely,

Jyri Strandman  
DO & VP, Flight Operations  
Eastern Airlines LLC





U.S. Department  
of Transportation  
**Federal Aviation  
Administration**

AVIATION SAFETY

The Great Atlantic CMO  
1301 South Terminal Service Rd  
Greensboro, NC 27409  
Ph.: 336-369-3900  
Fax: 336-369-3980

January 27, 2020

Steve Harfst, Accountable Executive and CEO  
550 E Swedesford Road  
Suite 210  
Wayne, PA 19087

**Subject: 2DYA-OP 2014 Director of Operations Position**

Dear Mr. Harfst:

In accordance with FAA Order 8900.1, Volume 2, Chapter 2, Section 3, this office conducted an interview with Mr. Jyri Strandman, your candidate for the Director of Operations position with Eastern Airlines, LLC and finds the candidate meets the requirements of 14 CFR Part 119.65 and 14 CFR Part 119.67.

Please provide this office with all necessary manual and Operations Specifications revisions to reflect this appointment.

Sincerely,

**Rory Todd  
Osborne**

Digitally signed by Rory  
Todd Osborne  
Date: 2020.01.28  
09:24:38 -05'00'

Rory T. Osborne  
Aviation Safety  
Principle Operations Inspector

cc: Terry Mack, Director of Maintenance  
Robert Anderson, Director of Quality  
Anthony Tirri, Chief Pilot  
Bruce Flinn, Director of Safety

**EXHIBIT B**

**EASTERN AIRLINES, LLC**  
**CONSOLIDATED BALANCE SHEET**  
**(UNAUDITED)**

	January 31 2020	February 29 2020	March 31 2020
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and cash equivalents	7,972,943	7,302,226	17,534,869
Accounts receivable, net	539,189	490,386	681,848
Inventory	3,435,393	3,372,842	3,327,081
Prepaid and other current assets	2,674,098	2,373,410	2,340,807
Total current assets	<u>14,621,623</u>	<u>13,538,864</u>	<u>23,884,605</u>
Property and equipment, net	38,442,226	39,679,712	39,057,540
Deposits	992,602	792,602	792,602
Total assets	<u>\$ 54,056,451</u>	<u>\$ 54,011,178</u>	<u>\$63,734,747</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 2,384,455	\$ 3,783,789	\$ 2,895,784
Accrued expenses	2,088,392	2,174,996	3,633,038
Air traffic liability	438,020	1,600,902	2,231,082
Current portion of long-term debt	7,405,840	6,077,049	2,734,397
Total current liabilities	<u>12,316,707</u>	<u>13,636,736</u>	<u>11,494,301</u>
<b>Long-term liabilities:</b>			
Long-term debt, net of current portion	27,353,247	27,212,259	27,069,069
Total liabilities	<u>39,669,954</u>	<u>40,848,995</u>	<u>38,563,370</u>
<b>Members' equity:</b>			
Members' interest	72,065,677	75,065,677	87,065,677
Accumulated deficit	(57,679,180)	(61,903,494)	(61,894,300)
Total members' equity	<u>14,386,497</u>	<u>13,162,183</u>	<u>25,171,377</u>
Total liabilities and members' equity	<u>\$ 54,056,451</u>	<u>\$ 54,011,178</u>	<u>\$63,734,747</u>

**EASTERN AIRLINES, LLC**  
**CONSOLIDATED STATEMENT OF INCOME**  
**(UNAUDITED)**

	Quarter Ending	
	March 2020	March 31, 2020
Operating revenues	\$6,602,110	\$ 8,916,703
Operating expenses:		
Personnel expenses	2,075,758	6,010,156
Communications and navigation	39,785	200,605
Utilities	8,347	36,818
Legal and professional	200,018	499,621
Catering and other in-flight services	90,145	226,447
Airport, landing, ground handling and security	825,616	1,488,239
Aircraft fuel	1,155,320	1,946,601
Maintenance	484,720	1,582,247
Rents	63,283	190,473
Insurance	228,606	676,618
Overflight	-	13,609
Depreciation expense	715,698	2,285,569
Commission expense	-	30,337
Other expenses	449,161	875,248
Total operating expenses	<u>6,336,457</u>	<u>16,062,588</u>
Operating income (loss)	<u>265,653</u>	<u>(7,145,885)</u>
Nonoperating income (expenses):		
Interest expense	<u>(154,111)</u>	<u>(542,059)</u>
Nonoperating income (expenses)	<u>(154,111)</u>	<u>(542,059)</u>
Net income (loss)	<u>\$ 111,542</u>	<u>\$ (7,687,944)</u>

**EASTERN AIRLINES, LLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**(UNAUDITED)**

	<b>March 2020</b>	<b>Quarter Ending March 31, 2020</b>
<b>Net cash provided by operating activities:</b>		
Net income (loss)	\$ 111,542	\$ (7,687,944)
<b>Adjustments to reconcile net income (loss) to net cash from operating activities:</b>		-
Depreciation and amortization	715,698	2,288,839
Other	(105,656)	(108,897)
Accounts receivable	(191,462)	(124,417)
Inventory	45,761	151,062
Prepaid items and other current assets	32,603	577,664
Deposits	-	200,000
Accounts payable	(888,005)	(123,126)
Accrued expenses	1,458,042	1,765,973
Air traffic liability	630,180	1,583,482
<b>Net cash from operating activities</b>	<b>1,808,703</b>	<b>(1,477,364)</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures - aircraft improvement and other parts	(76,289)	(3,637,789)
Capital expenditures - heavy maintenance	-	(21,462)
Capital expenditures - furniture, fixtures and equipment	(17,238)	(20,259)
<b>Net cash from investing activities</b>	<b>(93,527)</b>	<b>(3,679,510)</b>
<b>Cash flows from financing activities:</b>		
Members' contributions	12,000,000	15,000,000
Payments of short term debt	(3,342,652)	(6,011,637)
Payments on long-term debt	(143,190)	(420,303)
Deferred Financing Fees	3,270	9,810
<b>Net cash from financing activities</b>	<b>8,517,428</b>	<b>8,577,870</b>
<b>Net change in cash and cash equivalents</b>	<b>10,232,604</b>	<b>3,420,997</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>7,302,226</b>	<b>14,113,833</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 17,534,830</b>	<b>\$ 17,534,830</b>



## **EXHIBIT C**

# EASTERN



## Eastern Airlines LLC – Notes to Financial Statements

Eastern Airlines LLC is submitting financial statements (income statement and balance sheet) for the period ending March 31<sup>st</sup>, 2020 on an unaudited basis. These financial statements were prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") on an accrual basis.

In brief, these statements show that the applicant's financial performance and condition has improved substantially since the Department's last review. The carrier has stemmed losses, is approaching profitability and has significantly improved its balance sheet. Eastern Airlines is in relatively healthy financial condition with improving results. Eastern's ownership and management has committed substantial investment toward improving operational performance in preparation for the launch of its first two international, scheduled service routes. These investments are projected to materially accelerate the continued financial improvement of the airline.

In addition and as a testament to the efforts of Eastern's ownership, management and personnel, It should be noted that in October 2019, Eastern Airlines passed with no significant findings a full operational and safety audit conducted by representatives from the U.S. Transportation Command, U.S. Air Force and in November 2019 Eastern was approved by the Department of Defense Commercial Airlift Review Board as a Civil Reserve Air Fleet air carrier.

### Notes to Financial Statements

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**Nature of operations:** Eastern Airlines LLC (the Company or Eastern) is a commercial airline currently holding certificate authority authorizing interstate and foreign charter and scheduled air transportation of persons, property, and mail. During this period, Eastern has operated solely as a charter air carrier. In the first quarter of 2020, Eastern began operating international scheduled service air transportation in select markets and intends to perform charters on behalf of the U.S. Department of Defense beginning in the 3<sup>rd</sup> quarter 2020.

A summary of the Company's significant accounting policies follows:

**Use of estimates:** Preparing financial statements in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP) requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to the determination of the fair value of acquired property and equipment, goodwill, and other intangibles, breakage revenue, valuation of asset impairments, useful lives of property and equipment and

# EASTERN



expectations regarding the Company's liquidity and ability to continue as a going concern. Actual results could differ from those estimates.

**Cash:** The Company considers highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents are held in several financial institutions and at times exceed insured limits.

**Accounts receivable:** All charter contracts require the charter customer to pay for the chartered air transportation in advance. Therefore, accounts receivable related to charter contracts generally consist of post flight reconciled charges billed to the charter customer in accordance with the charter agreement. For scheduled service operations, accounts receivable is primarily recorded at ticket amounts sold to passengers through credit card holdback. The Company writes off accounts receivable when they become uncollectable, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. As of December 31, 2019, the Company determined that no allowance for doubtful accounts was necessary.

**Inventory, Property and equipment:** Property and equipment are recorded at cost. Improvements and betterments that substantially increase the value or extend the useful life of the asset are capitalized at cost. Depreciation is being provided on the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are 15 years for capitalized aircraft equipment, 5 years for rotatable parts and 1 to 9 years for flight equipment and other property and equipment. Residual values estimated for aircraft rotatable parts are 20 percent of cost. Property under capital leases is initially recorded at an amount equal to the present value of future minimum lease payments, which is computed on the basis of the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Amortization of property under capital leases is on a straight-line basis over the shorter of the lease term or expected useful life of the asset and is included in depreciation and amortization expense. During this period the Company did not lease any aircraft, engines or equipment. Expendable parts are carried at cost based on specific identification. Expendable parts are charged to expense as they are used.

**Goodwill:** Goodwill represents the excess of the purchase price over the fair value of assets acquired net of liabilities assumed in a purchase. Goodwill is evaluated for impairment if and when potential goodwill impairment indicators exist. The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than members' equity. Goodwill is tested using a fair-value approach at the entity level. No indications of impairment were identified for the period ended March 31, 2020. The Company amortizes goodwill over a ten-year period.

# EASTERN



**Impairment of long-lived assets:** The Company reviews amortizing long-lived assets (property, plant and equipment, goodwill, and other intangible) for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. For purposes of evaluating the recoverability of long-lived assets to be held and used, a recoverability test is performed based on assumptions concerning the amount and timing of estimated future cash flows reflecting varying degrees of perceived risk. Impairments to long-lived assets to be disposed of are recorded based upon the estimated fair value of the applicable assets. No impairment was recorded for the year ended December 31, 2019 or the quarter ending March 31, 2020.

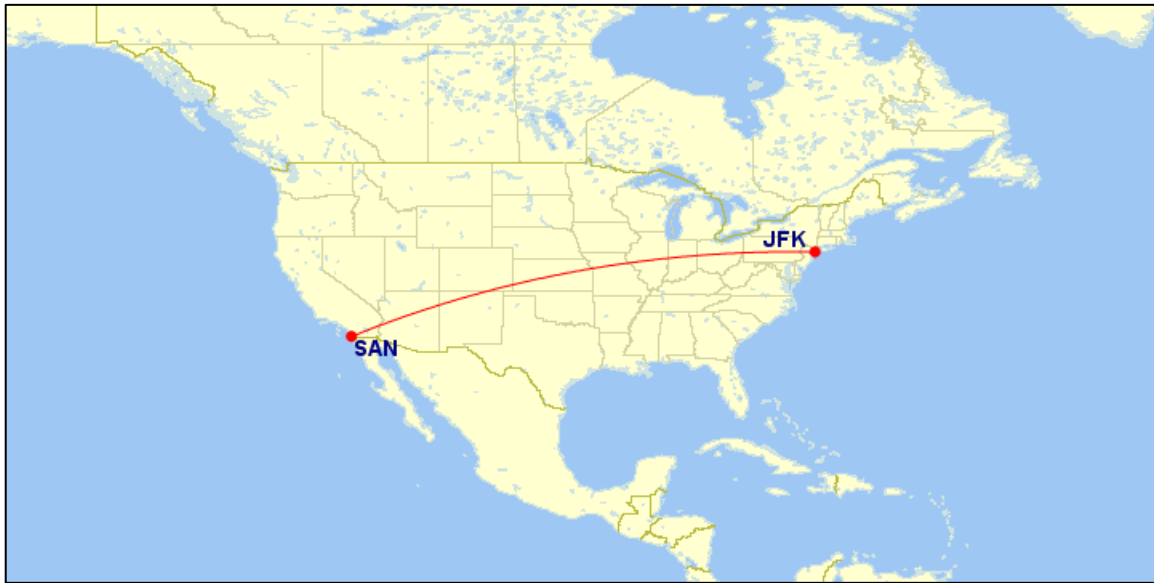
**Air traffic liabilities:** The amounts associated with passenger tickets sold by the Company are included in the accompanying consolidated balance sheet as air traffic liabilities until the transportation service is provided. Revenue associated with passenger tickets used during each period is specifically identified and included in the results of operations for the periods in which travel is completed. Tickets sold expire one year from date of issue. The Company recognizes revenue for unused passenger tickets (breakage revenue) based on management's estimate of the percentage of actual breakage at the date of ticket issuance. The did not perform scheduled service operations during this period and recorded \$0 of breakage revenue.

**Current liabilities:** Includes the current portion of the Company's principal amount due to the IRS and the current portion of long-term debt.

**Long term liabilities:** Includes the long-term portion of the liability due to the IRS and the long-term portion of debt.

**EXHIBIT D**

## JFK-SAN Route Map



## **EXHIBIT E**



## Eastern Airlines LLC – Summary of Pre-Operating Costs, 3-month Operating Expenses and Financing (Financial Fitness Test)

### Financial fitness test

The below estimates the pre-operating costs of initiating domestic scheduled service between JFK International Airport, New York (JFK) and San Diego International Airport, San Diego, CA (SAN) and undertaking all necessary preparations prior to beginning the service. Eastern will not require any additional aircraft, flight crew, maintenance personnel or infrastructure to begin this route. The pre-operating period began in February 2020 and is estimated to end on or about May 20, 2020.

Eastern already operates charter and scheduled service flights from JFK and has adequate personnel and infrastructure to support the new route to SAN.

### **Startup costs:**

Introductory advertising	\$75,000
SAN station startup	\$150,000
Legal expenses	\$25,000
SAN station deposits <sup>1</sup>	\$297,500
<b>Total</b>	<b>\$547,000</b>

1. Deposits do not impact the proposed income statement as the income statement was prepared on an accrual basis.

### **12-month operating expenses:**

As demonstrated in the Proforma Income Statement, Incremental the total operating expenses associated with this route are estimated to be approximately \$14.1 million during the first year. Based on this forecast, the three months' average of operating expenses is approximately \$3.5 million. Combined with the start-up costs remaining as of the date of this application, the total capital required to meet the Department's financial fitness test is thus \$3.7 million.

First year operating costs	\$12,952,616
Startup costs	\$547,500
Total first year costs	\$13,500,116
Divide by 4	
Total cash required	\$3,375,029
Working Capital balance as of 31Mar20	\$12,390,304
<b>Cash in excess of requirement</b>	<b>\$9,015,275</b>



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**Financing:**

As of March 31, 2020, Eastern Airlines had Current Assets of \$23.9 million and Current Liabilities of \$11.5 million resulting in a working capital balance of \$12.4m representing a 100% improvement in our working capital since November 2019.

Additionally, as shown in the proforma statements for the proposed period, Eastern Airlines forecasts to continue to have enough Cash and Cash Equivalents on hand to satisfy this test.

## **EXHIBIT F**

Eastern Airlines LLC

Proforma Income Statement

	Baseline : Current						Incremental : Proposed JFK - SAN scheduled service only						Combined : Baseline + Incremental					
	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	12-month Total		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	12-month Total		1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter	12-month Total	
Charter	\$																	
Scheduled Service																		
Total revenue																		
Aircraft rents	-	-	-	-			-	-	-	-			-	-	-	-		
Aircraft reserves																		
Maintenance																		
Ground operations and fees																		
Fuel																		
Flight crew expenses																		
Flight crew travel																		
Other operating expenses																		
Total cost of sales																		
Gross profit																		
Margin - %																		
Staff compensation & benefits																		
General facilities																		
Sales & marketing																		
Travel & office admin																		
Legal & professional fees																		
Insurance																		
Total SG&A																		
EBITDA																		
Margin - %																		
Depreciation and amortization																		
Interest expense																		
Other expenses																		
Pre-tax income / (loss)																		
Income taxes																		
Net income / (loss)																		
Margin - %	1%	1%	(2%)	3%	1%		2%	22%	25%	29%	21%		1%	5%	5%	9%	5%	

OPERATING DATA:

<b>Charter Totals</b>																		
Departures	253	215	191	189	848	0	0	0	0	0	253	215	191	189	848			
Block hours	590	500	430	420	1,940	0	0	0	0	0	590	500	430	420	1,940			
Available seat miles (ASMs) (thousands)	66,899	56,694	48,757	47,623	219,973	0	0	0	0	0	66,899	56,694	48,757	47,623	219,973			
Passengers carried	27,740	22,609	19,460	19,052	88,860	0	0	0	0	0	27,740	22,609	19,460	19,052	88,860			
Revenue passenger miles (RPMs) (thousands)	56,864	48,190	41,443	40,480	186,977	0	0	0	0	0	56,864	48,190	41,443	40,480	186,977			
<b>Scheduled Service Totals</b>																		
Departures	105	105	105	102	417	79	61	79	76	295	184	167	184	178	713			
Block hours	636	636	636	615	2,524	473	369	473	458	1,773	1,109	1,005	1,109	1,073	4,296			
Available seat miles (000s)	69,495	69,495	69,495	67,229	275,715	46,292	36,061	46,292	44,783	173,428	115,788	105,556	115,788	112,012	449,144			
Passengers carried	13,488	14,888	14,888	15,462	58,726	11,578	11,488	15,084	14,592	52,741	25,065	26,376	29,972	30,054	111,467			
Revenue passenger miles (000s)	37,359	41,002	41,002	42,695	162,059	28,319	28,099	36,895	35,692	129,005	65,679	69,101	77,897	78,387	291,063			
<b>System Totals</b>																		
Departures	358	320	296	291	1,265	79	61	79	76	295	437	382	375	367	1,561			
Block hours	1,226	1,136	1,066	1,035	4,464	473	369	473	458	1,773	1,699	1,505	1,539	1,493	6,236			
Available seat miles (000s)	136,394	126,189	118,252	114,852	495,687	46,292	36,061	46,292	44,783	173,428	182,686	162,250	164,544	159,635	669,116			
Passengers carried	41,227	37,497	34,348	34,514	147,586	11,578	11,488	15,084	14,592	52,741	52,805	48,984	49,432	49,106	200,327			
Revenue passenger miles (000s)	94,223	89,192	82,445	83,175	349,035	28,319	28,099	36,895	35,692	129,005	122,543	117,291	119,340	118,866	478,043			

Key Performance Indicators

<b>Revenue</b>																		
Fleet size	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00	8.00			
Number of scheduled service routes (eop)	2.00	2.00	2.00	2.00	2.00	1	1	1	1	1	3.00	3.00	3.00	3.00	3.00			
Revenue per block hour (\$)	12,414	13,486	13,842	14,835	13,589	7,329	9,335	9,833	10,393	9,205	10,998	12,469	12,610	13,473	12,343			
RASM (cents)	11.16	12.14	12.48	13.37	12.24	7.49	9.54	10.05	10.62	9.41	10.23	11.56	11.80	12.60	11.50			
PRASM (cents)	3.01	4.53	5.35	6.16	4.69	7.49	9.54	10.05	10.62	9.41	4.15	5.65	6.67	7.41	5.91			
Average fare (scheduled service)	270	350	390	423	361	265	265	274	292	275	268	313	332	359	320			
Ancillary revenue per passenger	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35			

Operating statistics

<b>Total system statistics</b>																		
Passengers	41,227	37,497	34,348	34,514	147,586	11,578	11,488	15,084	14,592	52,741	52,805	48,984	49,432	49,106	200,327			
Revenue passenger miles (RPMs) (thousands)	94,223	89,192	82,445	83,175	349,035	28,319	28,099	36,895	35,692	129,005	122,543	117,291	119,340	118,866	478,043			
Available seat miles (ASMs)(thousands)	136,394	126,189	118,252	114,852	495,687	46,292	36,061	46,292	44,783	173,428	182,686	162,250	164,544	159,635	669,116			

# Confidential Treatment Requested Under § 302.12

## Eastern Airlines LLC

### Proforma Income Statement

**Baseline :**  
**Current**

**Incremental :** Proposed JFK - SAN scheduled service only

**Combined :** Baseline + Incremental

	1 <sup>st</sup>	Quarter	2 <sup>nd</sup>	Quarter	3 <sup>rd</sup>	Quarter	4 <sup>th</sup>	Quarter	12-month	Total	1 <sup>st</sup>	Quarter	2 <sup>nd</sup>	Quarter	3 <sup>rd</sup>	Quarter	4 <sup>th</sup>	Quarter	12-month	Total	1 <sup>st</sup>	Quarter	2 <sup>nd</sup>	Quarter	3 <sup>rd</sup>	Quarter	4 <sup>th</sup>	Quarter	12-month	Total
Load factor	69.1%		70.7%		69.7%		72.4%		70.4%		61.2%		77.9%		79.7%		79.7%		74.4%		67.1%		72.3%		72.5%		74.5%		71.4%	
Operating expense per ASM (CASM)(cents)	9.09		9.62		10.45		10.68		9.97		7.34		7.48		7.51		7.55		7.47		8.65		9.30		9.62		9.80		9.32	
Fuel expense per ASM (cents)	1.27		1.28		1.28		1.28		1.28		1.45		1.45		1.45		1.45		1.45		1.32		1.31		1.33		1.33		1.32	
Operating CASM, excluding fuel (cents)	7.82		8.54		9.17		9.40		8.69		5.89		6.03		6.06		6.10		6.02		7.33		7.98		8.30		8.47		8.00	
ASMs per gallon of fuel	82,401		82,275		82,162		82,169		82,258		72,474		72,474		72,474		72,474		72,474		79,637		79,874		79,184		79,197		79,477	
Departures	358		320		296		291		1,265		79		61		79		76		295		437		382		375		367		1,561	
Block hours	1,226		1,136		1,066		1,035		4,464		473		369		473		458		1,773		1,699		1,505		1,539		1,493		6,236	
Average seats per departure	240		240		240		240		240		240		240		240		240		240		240		240		240		240		240	
Total miles flown	568,309		525,788		492,717		478,550		2,065,364		192,885		150,254		192,885		186,595		722,618		761,194		676,043		685,602		665,145		2,787,985	
Average stage length (miles)	1,587		1,642		1,664		1,646		1,633		2,446		2,446		2,446		2,446		2,446		1,742		1,772		1,828		1,812		1,787	
Average stage length (block hours)	3.42		3.55		3.60		3.56		3.53		6.00		6.00		6.00		6.00		6.00		3.89		3.94		4.10		4.07		4.00	
Average number of operating aircraft during period	8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00		8.00	
Average block hours per aircraft per day	1.70		1.58		1.48		1.44		6.20		0.66		0.51		0.66		0.64		2.46		2.36		2.09		2.14		2.07		8.66	
Full-time equivalent employees at end of period	189.00		191.00		192.00		193.00		193.00		189.00		191.00		192.00		193.00		193.00		189.00		191.00		192.00		193.00		193.00	
Fuel gallons consumed (thousands)	1,655		1,534		1,439		1,398		6,026		639		498		639		618		2,393		2,294		2,031		2,078		2,016		8,419	
Average fuel cost per gallon (\$)	1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05	
<b>Scheduled service statistics:</b>																														
Passengers	13,488		14,888		14,888		15,462		58,726		11,578		11,488		15,084		14,592		52,741		25,065		26,376		29,972		30,054		111,467	
Revenue passenger miles (RPMs) (thousands)	37,359		41,002		41,002		42,695		162,059		28,319		28,099		36,895		35,692		129,005		65,679		69,101		77,897		78,387		291,065	
Available seat miles (ASMs)(thousands)	69,495		69,495		69,495		67,229		275,715		46,292		36,061		46,292		44,783		173,428		115,788		105,556		115,788		112,012		449,145	
Load factor	53.8%		59.0%		59.0%		63.5%		58.8%		61.2%		77.9%		79.7%		79.7%		74.4%		56.7%		65.5%		67.3%		70.0%		64.8%	
Departures	105		105		105		102		417		79		61		79		76		295		184		167		184		178		713	
Block hours	636		636		636		615		2,524		473		369		473		458		1,773		1,109		1,005		1,109		1,073		4,296	
Total passenger revenue per ASM (TRASM)(cents)	5.91		8.23		9.10		10.53		8.42		7.49		9.54		10.05		10.62		9.41		6.54		8.68		9.48		10.57		8.80	
Average fare - scheduled service	\$ 270		\$ 350		\$ 390		\$ 423		\$ 361		\$ 265		\$ 265		\$ 274		\$ 292		\$ 275		\$ 268		\$ 313		\$ 332		\$ 359		\$ 320	
Average fare - air-related products	\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35		\$ 35	
Average fare - total	\$ 304		\$ 384		\$ 425		\$ 458		\$ 396		\$ 300		\$ 300		\$ 308		\$ 326		\$ 309		\$ 302		\$ 347		\$ 366		\$ 394		\$ 355	
Average stage length (miles)	2,770		2,754		2,754		2,761		2,760		2,446		2,446		2,446		2,446		2,446		2,620		2,620		2,599		2,608		2,611	
Fuel gallons consumed (thousands)	859		859		859		831		3,407		639		498		639		618		2,393		1,497		1,356		1,497		1,449		5,800	
Fuel expense (\$)(thousands)	902		902		902		872		3,577		671		522		671		649		2,513		1,572		1,424		1,572		1,521		6,090	
Average fuel cost per gallon (\$)	1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05		1.05	

### Market statistics

JFKGEO																
Passengers	6,245	7,444	7,444	7,468	28,602	0	0	0	0	0	6,245	7,444	7,444	7,468	28,602	
Passenger revenue, base fare, net (\$)	1,449,588	2,437,947	2,860,482	3,064,182	9,812,199	0	0	0	0	0	1,449,588	2,437,947	2,860,482	3,064,182	9,812,199	
Departures	53	53	53	51	209	0	0	0	0	0	53	53	53	51	209	
Block hours	289	289	289	280	1,147	0	0	0	0	0	289	289	289	280	1,147	
Number of one-way seats	12,617	12,617	12,617	12,206	50,057	0	0	0	0	0	12,617	12,617	12,617	12,206	50,057	
Available seat miles (ASMs)(thousands)	32,035	32,035	32,035	30,990	127,095	0	0	0	0	0	32,035	32,035	32,035	30,990	127,095	
Revenue passenger miles (RPMs) (thousands)	15,857	18,901	18,901	18,962	72,621	0	0	0	0	0	15,857	18,901	18,901	18,962	72,621	
Load factor	49.5%	59.0%	59.0%	61.2%	57.1%	0.0%	0.0%	0.0%	0.0%	0.0%	49.5%	59.0%	59.0%	61.2%	57.1%	
Average stage length (miles)	2,539	2,539	2,539	2,539	2,539	0	0	0	0	0	2,539	2,539	2,539	2,539	2,539	
Total passenger revenue per ASM (TRASM)(cents)	4.53	7.61	8.93	9.89	7.72	0.00	0.00	0.00	0.00	0.00	4.53	7.61	8.93	9.89	7.72	
Average fare - scheduled service	232	328	384	410	343	0	0	0	0	0	232	328	384	410	343	
JFKGYE																
Passengers	7,242	7,444	7,444	7,994	30,124	0	0	0	0	0	7,242	7,444	7,444	7,994	30,124	
Revenue	2,190,612	2,770,181	2,947,869	3,481,978	11,390,641	0	0	0	0	0	2,190,612	2,770,181	2,947,869	3,481,978	11,390,641	
Departures	53	53	53	51	209	0	0	0	0	0	53	53	53	51	209	
Block hours	347	347	347	336	1,377	0	0	0	0	0	347	347	347	336	1,377	
Number of one-way seats	12,617	12,617	12,617	12,206	50,057	0	0	0	0	0	12,617	12,617	12,617	12,206	50,057	
Available seat miles (ASMs)(thousands)	37,460	37,460	37,460	36,239	148,620	0	0	0	0	0	37,460	37,460	37,460	36,239	148,620	
Revenue passenger miles (RPMs) (thousands)	21,502	22,102	22,102	23,733	89,438	0	0	0	0	0	21,502	22,102	22,102	23,733	89,438	
Load factor	57.4%	59.0%	59.0%	65.5%	60.2%	0.0%	0.0%	0.0%	0.0%	0.0%	57.4%	59.0%	59.0%	65.5%	60.2%	
Average stage length (miles)	2,969	2,969	2,969	2,969	2,969	0	0	0	0	0	2,969	2,969	2,969	2,969	2,969	
Total passenger revenue per ASM (TRASM)(cents)	5.85	7.39	7.87	9.61	7.66	0.00	0.00	0.00	0.00	0.00	5.85	7.39	7.87	9.61	7.66	
Average fare - scheduled service	302	372	396	436	378	0	0	0	0	0	302	372	396	436	378	
JFKSAN																
Passengers	0	0	0	0	11,578	11,488	15,084	14,592	52,741	11,578	11,488	15,084	14,592	52,741		
Revenue	0	0	0	0	3,068,119	3,044,196	4,131,894	4,253,548	14,497,756	3,068,119	3,044,196	4,131,894	4,253,548	14,497,756		
Departures	0	0	0	0	79	61	79	76	295	79	61	79	76	295		
Block hours	0	0	0	0	473	369	473	458	1,773	473	369	473	458	1,773		
Number of one-way seats	0	0	0	0	18,926	14,743	18,926	18,309	70,903	18,926	14,743	18,926	18,309	70,903		
Available seat miles (ASMs)(thousands)	0	0	0	0	46,292	36,061	46,292	44,783	173,428	46,292	36,061	46,292	44,783	173,428		
Revenue passenger miles (RPMs) (thousands)	0	0	0	0	28,319	28,099	36,895	35,692	129,005	28,319	28,099	36,895	35,692	129,005		
Load factor	0.0%	0.0%	0.0%	0.0%	61.2%	77.9%	79.7%	79.7%	74.4%	61.2%	77.9%	79.7%	79.7%	74.4%		
Average stage length (miles)	0	0	0	0	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446	2,446		
Total passenger revenue per ASM (TRASM)(cents)	0.00	0.00	0.00	0.00	6.63	8.44	8.93	9.50	8.36	6.63	8.44	8.93	9.50	8.36		
Average fare - scheduled service	0	0	0	0	265	265	274	292	275	265	265	274	292	275		

## **EXHIBIT G**

# EASTERN



## Eastern Airlines LLC – Notes to Proforma Income Statement

Eastern Airlines currently holds authority from the Department to serve two international schedule service routes: JFK – GEO and JFK-GYE with a single aircraft.

Eastern Airlines LLC (Eastern) is requesting domestic, scheduled service authority for the route JFK-SAN.

The proforma income statement provided in this application was prepared in accordance with 14 CFR 204.3(t)(2) and includes:

- (1) **BASELINE:** Eastern's current operations during the proposed period which includes existing and forecasted charter operations and forecasted scheduled service operations in the two (2) international scheduled service routes (JFK-GYE and JFK-GEO) in which Eastern currently holds authority;
- (2) **INCREMENTAL:** The income statement for the first four quarters of the proposed service in the JFK-SAN route;
- (3) **COMBINED:** The income statement for the combined operations (Baseline + Incremental).

## Revenue

- **Revenue recognition:** Passenger and excess baggage revenue is recognized at the time of the departure and when the transportation service is provided, other revenue is primarily associated with transportation and as such, revenue is also recognized at the time of departure. Charter revenue is recognized at the time of departure. Eastern is not forecasting revenue from the carriage of mail or cargo.
- **Baseline:** The Baseline income statement assumes that Eastern's fleet of eight (8) B767 aircraft are operated in two scheduled service markets (JFK-GYE, JFK-GEO) and in charter service.
  - Scheduled service JFK – GEO: twice weekly service;
  - Scheduled service JFK – GYE: twice weekly service;
  - Charter: A mixture of "ACMI" charter and Ad-Hoc charter programs.

Baseline charter revenue of \$37.4m is based on a balanced and diversified mix of contracted and forecasted full-service charter, "ACMI" charter and Department of Defense charter contracts. Baseline scheduled service revenue of \$23.2m is based on forecasted average fares and load factors in the two existing markets (JFK-GEO and JFK-GYE). Scheduled service revenue includes both passenger fare revenue and ancillary related revenue.



- **Incremental:** Includes the operating revenue and expenses allocated to the proposed JFK-SAN route only and assumes three-times weekly service. Average load factors are forecasted to increase over time from a low of 55% at the beginning of the program. Likewise, average one-way fares are forecasted to increase over time from a low of \$265.00 at the beginning of the program.
- **Combined:** This proforma income statement is based on operating the Baseline operation and the new proposed new route JFK-ANC.

## Operating Costs

- **Rents and reserves:** Eastern Airlines owns its entire fleet of eight (8) B767 aircraft and has no lease or supplemental rent expense.
- **Maintenance:** Includes all parts, materials and spares expense required to maintain Eastern aircraft as well as fees and charges for repairs performed by third party vendors. Maintenance expense is forecasted based on Eastern's historical, actual maintenance costs on an hourly and cycle basis. No additional fixed maintenance expense is required to support the proposed service.
- **Ground operations:** includes the fees charged by airports for the use or lease of airport facilities and fees charged by third party vendors for ground handling services, commissary expenses and other airport related services. Eastern already operates scheduled service and charter operations from JFK airport.
- **Fuel:** The cost of fuel is volatile, as it is subject to many economic and geopolitical factors that Eastern can neither control nor predict. Eastern's exposure to fuel is risk is limited in charter operations because the cost of fuel is typically defined at the time the contract is signed and then adjusted based on actual expense or in some cases, the charter customer is entirely responsible for the payment of fuel (ACMI). In Eastern's scheduled service operations, Eastern bears the risk for future fuel prices. Fuel expense includes the cost of aircraft fuel, fuel taxes, into plane fees and airport fuel flowage, storage or through-put fees. Fuel and has been forecasted at Eastern's prevailing into-plane cost per gallon.
- **Flight crew:** The expense of pilots and flight attendants needed to support the operation. No additional flight crew are forecasted to be needed for the proposed operation. Current utilization and productivity of current flight crew will be increased and there is enough flight crew capacity to support the proposed service with no additional hiring.
- **Flight crew travel:** Includes the cost of air transportation, hotel and ground transportation for flight crew. Eastern maintains a flight crew base at JFK airport and Eastern also employs "home based" flight crews based on current and forecasted staffing.
- **Other operating expenses:** Includes fixed flight operations expenses associated with managing the airline operation, travel and training expenses for crews and ground personnel.
- **Staff compensation and benefits:** Includes wages, salaries, and employee bonuses, sales commissions for in-flight personnel, as well as expenses associated with employee benefit plans and employer payroll taxes.

# EASTERN



- **General facilities:** Includes the rent and utilities and will not increase as a result of the proposed service.
- **Sales & marketing:** Includes all advertising and promotional expenses, travel agent commissions and debit and credit card processing fees associated with the sale of scheduled service.
- **Travel, Legal & Professional and Insurance:** Includes corporate expenses that will remain the same with or without the proposed service. Insurance expense includes all corporate insurance (aircraft, workers compensation, Defense Base Act, etc.)
- **Depreciation and amortization:** Include the depreciation of all owned fixed assets, including aircraft and engines. Also included in the amortization of major maintenance expenses on Eastern's aircraft and engines, which are capitalized under the deferral method of accounting and amortized as a component of depreciation and amortization expense over the estimated period until the next scheduled major maintenance event. See notes on balance sheet. No change with the proposed service.
- **Interest and Other expenses:** Include interest expense and payments to the IRS that remain the same with or without the proposed service.
- **Income taxes:** The Company is a single-member limited liability company which is disregarded for federal and state income tax purposes. All income tax liabilities and/or benefits associated with the Company's operations are passed through to the member. As such, no federal or state income taxes have been recognized in the accompanying financial statements.
- **Taxes collected from customers and remitted to government authorities:** The Company is required to charge passengers certain taxes and fees on tickets. These taxes and fees include U.S. federal transportation taxes, federal security charges, airport passenger facility charges, and foreign arrival and departure taxes. These taxes and fees are legal assessments on the customer. As the Company has a legal obligation to act as a collection agent with respect to these taxes and fees, these amounts are not included in passenger revenue. These taxes and fees are recorded as a liability when the amounts are collected, and the liability is relieved when payments are made to the applicable government agency or operating carrier.



## **EXHIBIT H**

## Pro Forma Balance sheet

## Period

ending 12 months after start of proposed operation

	12th month		12th month
<b>Current assets</b>		<b>Current liabilities</b>	
Cash in Checking		Trade payables	1,379,358
Petty Cash		Accrued payroll	344,840
Accounts Receivable		Accrued taxes and fees	2,388,250
Parts Inventories		Air traffic liability	7,320,679
Prepaid Items		Current portion of IRS reorganization liability	1,798,042
Other current assets		Current portion of note payable - existing facility	0
<b>Total current assets</b>		Current portion of note payable - aircraft	0
		Current portion of note payable - equipment	0
		Current portion of note payable - other	0
		Other short-term liabilities	319,308
		Other current liabilities	0
		<b>Total current liabilities</b>	<b>13,550,477</b>
<b>Fixed assets (net of depreciation)</b>		<b>Long term liabilities</b>	
Office equipment	72,807	Long-term portion of IRS reorganization liability	306,716
Software	334,476	Long term portion of note payable - existing facility	0
Vehicles and ground equipment	34,281	Long-term portion of note payable - aircraft	25,000,000
Furniture, fixtures and equipment	92,578	Long-term portion of note payable - equipment	0
Airports, stations and leasehold improvements	0	Long-term portion of note payable - other	0
Aircraft	18,699,921	<b>Total liabilities</b>	<b>38,857,193</b>
Capitalized maintenance checks	5,316,959		
Aircraft improvements	5,129,298	<b>Members' equity</b>	
Tooling and other equipment	0	Members' equity	87,565,677
Aircraft engines	384,608	Cumulative members' drawings	500,000
Landing gear	1,977,159	Retained earnings / (deficit)	(59,180,523)
Other aircraft components	1,696,086	<b>Total members' equity</b>	<b>28,885,154</b>
Capitalized aircraft certification costs	79,917	<b>Total liabilities and members' equity</b>	<b>67,742,347</b>
Aircraft rotables	483,887		
Capitalized crew training	0		
Other Capitalized Cost	6,260		
<b>Total assets</b>	<b>67,742,347</b>		

## **EXHIBIT I**

# EASTERN



## Eastern Airlines LLC – Notes to Pro Forma Balance Sheet

Eastern Airlines LLC is submitting a Pro Forma Balance Sheet for the period ending 12 months after the start of the proposed service on an unaudited basis. This Balance Sheet was prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") on an accrual basis.

In brief, this statement shows that the applicant's financial performance and condition has improved substantially since the Department's last review. The carrier has stemmed losses, has attained profitability and has significantly improved its balance sheet. Eastern Airlines is in relatively healthy financial condition with improving results. Eastern's ownership and management has committed substantial investment toward improving operational performance in the launch of its first two international, scheduled service routes and the launch of our proposed domestic route. These investments are projected to materially accelerate the continued financial improvement of the airline.

In addition and as a testament to the efforts of Eastern's ownership, management and personnel, It should be noted that in October 2019, Eastern Airlines passed with no significant findings a full operational and safety audit conducted by representatives from the U.S. Transportation Command, U.S. Air Force and in November 2019 Eastern was approved by the Department of Defense Commercial Airlift Review Board as a Civil Reserve Air Fleet air carrier.

### Notes to Financial Statements

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**Nature of operations:** Eastern Airlines LLC (the Company or Eastern) is a commercial airline currently holding certificate authority authorizing interstate and foreign charter and scheduled air transportation of persons, property, and mail. During this period, Eastern has operated solely as a charter air carrier. In the first quarter of 2020, Eastern began operating international scheduled service air transportation in select markets and intends to perform charters on behalf of the U.S. Department of Defense beginning in the 3<sup>rd</sup> quarter 2020.

A summary of the Company's significant accounting policies follows:

**Use of estimates:** Preparing financial statements in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP) requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those related to the determination of the fair value of acquired property and equipment, goodwill, and other intangibles, breakage revenue, valuation of asset impairments, useful lives of property and equipment and

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expectations regarding the Company's liquidity and ability to continue as a going concern. Actual results could differ from those estimates.

**Cash:** The Company considers highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents are held in several financial institutions and at times exceed insured limits.

**Accounts receivable:** All charter contracts require the charter customer to pay for the chartered air transportation in advance. Therefore, accounts receivable related to charter contracts generally consist of post flight reconciled charges billed to the charter customer in accordance with the charter agreement. For scheduled service operations, accounts receivable is primarily recorded at ticket amounts sold to passengers through credit card holdback. The Company writes off accounts receivable when they become uncollectable, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

**Inventory, Property and equipment:** Property and equipment are recorded at cost. Improvements and betterments that substantially increase the value or extend the useful life of the asset are capitalized at cost. Depreciation is being provided on the straight-line method over the estimated useful lives of the related assets. Estimated useful lives are 15 years for capitalized aircraft equipment, 5 years for rotatable parts and 1 to 9 years for flight equipment and other property and equipment. Residual values estimated for aircraft rotatable parts are 20 percent of cost. Property under capital leases is initially recorded at an amount equal to the present value of future minimum lease payments, which is computed on the basis of the Company's incremental borrowing rate or, when known, the interest rate implicit in the lease. Amortization of property under capital leases is on a straight-line basis over the shorter of the lease term or expected useful life of the asset and is included in depreciation and amortization expense. During this period the Company did not lease any aircraft, engines or equipment. Expendable parts are carried at cost based on specific identification. Expendable parts are charged to expense as they are used.

**Goodwill:** Goodwill represents the excess of the purchase price over the fair value of assets acquired net of liabilities assumed in a purchase. Goodwill is evaluated for impairment if and when potential goodwill impairment indicators exist. The Company tests its recorded goodwill for impairment upon a triggering event. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the overall business, significant negative industry or economic trends and a sustained period where market capitalization, plus an appropriate control premium, is less than members' equity. Goodwill is tested using a fair-value approach at the entity level. No indications of impairment were identified for the period ended March 31, 2020. The Company amortizes goodwill over a ten-year period.

**Impairment of long-lived assets:** The Company reviews amortizing long-lived assets (property, plant and equipment, goodwill, and other intangible) for impairment whenever events or changes in circumstances indicate that the carrying amount of

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assets may not be recoverable. For purposes of evaluating the recoverability of long-lived assets to be held and used, a recoverability test is performed based on assumptions concerning the amount and timing of estimated future cash flows reflecting varying degrees of perceived risk. Impairments to long-lived assets to be disposed of are recorded based upon the estimated fair value of the applicable assets.

**Air traffic liabilities:** The amounts associated with passenger tickets sold by the Company are included in the accompanying consolidated balance sheet as air traffic liabilities until the transportation service is provided. Revenue associated with passenger tickets used during each period is specifically identified and included in the results of operations for the periods in which travel is completed. Tickets sold expire one year from date of issue. The Company recognizes revenue for unused passenger tickets (breakage revenue) based on management's estimate of the percentage of actual breakage at the date of ticket issuance. The did not perform scheduled service operations during this period and recorded \$0 of breakage revenue.

**Current liabilities:** Includes the current portion of the Company's principal amount due to the IRS and the current portion of long-term debt.

**Long term liabilities:** Includes the long-term portion of the liability due to the IRS and the long-term portion of debt.

## **EXHIBIT J**

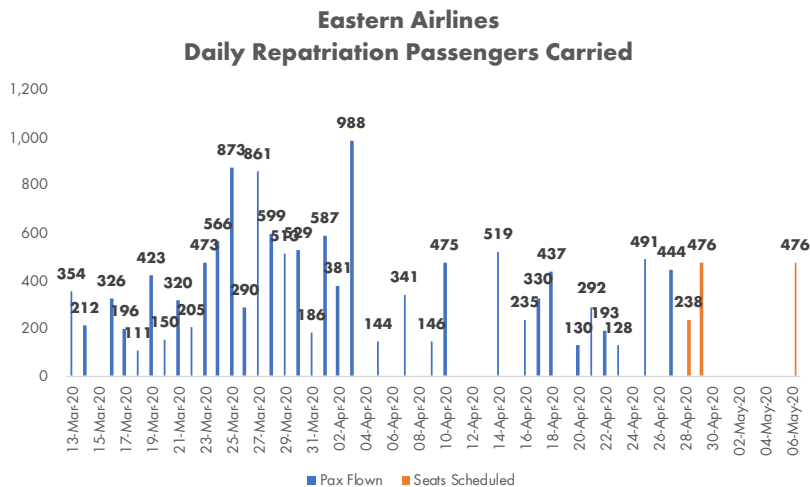
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As of 1200 EDT April 28, 2020

- **12,848** – Number of passengers carried by Eastern on repatriation flights
- **62** – Number of U.S. repatriation passenger flights flown
- **14** – Different countries served
- **1,190** – Number of seats schedule to be flown in the coming weeks
- **1,980** – Number of foreign citizens flown to their own country
  
- **All of these flights at no cost to the U.S. Government**

Eastern Airlines Daily Passenger Count:



Eastern Airlines repatriation routes



Eastern Airlines LLC

550 E. Swedesford Road, Suite #210, Wayne, PA 19087 (336) 790.7533

[www.goeasternair.com](http://www.goeasternair.com)



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## Eastern Airlines American Citizen Repatriation Flights March 13 - April 28, 2020

Gateway	Destination	Scheduled	Flown	Remaining	Pax carried	Seats remaining
GYE	MIA	12	12	0	2,249	0
GND	MIA	5	5	0	892	0
GEO	MIA	5	5	0	1,033	0
GUA	MIA	7	7	0	1,266	0
GUA	SLC	1	1	0	236	0
PTY	MIA	1	1	0	130	0
ASU	MIA	2	2	0	275	0
PAP	MIA	8	8	0	923	0
SAL	IAH	4	4	0	930	0
SAL	IAD	1	1	0	108	0
LIM	MIA	6	4	2	826	476
SAL	LAX	1	1	0	186	0
SAL	MIA	1	1	0	83	0
MIA	SFO	1	1	0	114	0
MIA	LAX	1	1	0	30	0
FLL	ATL	1	1	0	184	0
FLL	SFO	1	1	0	225	0
PBM	MIA	1	1	0	85	0
EZE	MIA	5	4	1	855	238
VVI	MIA	1	1	0	238	0
SAP	MIA	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
		<b>65</b>	<b>62</b>	<b>3</b>	<b>10,868</b>	<b>714</b>

### Eastern Airlines Host Country Charters

YVR	GUA	1	1	0	173	0
MIA	GUA	3	3	0	217	0
FLL	YYZ	1	1	0	225	0
MIA	ASU	1	1	0	193	0
MIA	EZE	2	1	1	143	238
SAN	GRU	1	1	0	140	0
MIA	LIM	2	1	1	50	238
MIA	GYE	<u>5</u>	<u>5</u>	<u>0</u>	<u>839</u>	<u>0</u>
		<b>16</b>	<b>14</b>	<b>2</b>	<b>1,980</b>	<b>476</b>

\*YVR - GUA - Private charter for Guatemalan citizens returning to GUA

As of 1200 EDT April 28, 2020

### Eastern Airlines American Citizen Repatriation Schedule

Dep Date	Flight #	Route	Seats	Scheduled departure time (local)	Gateway	Pax or Ferry	Status	Block time
4/29/20		MIA-LIM		TBD	MIA	F	Scheduled	6.00
4/29/20	340	LIM-MIA	238	TBD	LIM	L	Scheduled	6.00
4/28/20	303	MIA-EZE	238	TBD	MIA	L	Scheduled	9.50
4/29/20	888	EZE-MIA	238	TBD	EZE	L	Scheduled	9.67
5/6/20		MIA-LIM	238	TBD	MIA	F	Scheduled	6.00
5/6/20	340	LIM-MIA	238	TBD	LIM	L	Scheduled	6.00
		<b>1,190</b>						

As of 1200 EDT April 28, 2020

Eastern Airlines LLC

550 E. Swedesford Road, Suite #210, Wayne, PA 19087 (336) 790.7533

[www.goeasternair.com](http://www.goeasternair.com)

## **CERTIFICATE OF SERVICE**

I hereby certify that on May 20, 2020, I caused a copy of the foregoing Request for Activation to be served by email on the following persons:

San Diego International Airport  
Kim Becker, President & CEO  
[Kbecker@san.org](mailto:Kbecker@san.org)

Port Authority of New York and New Jersey  
Huntley Lawrence, Director of Aviation  
[Hlawrence@panynj.gov](mailto:Hlawrence@panynj.gov)

/s/ Laura Beth Jackson \_\_\_\_\_  
Laura Beth Jackson