

# Linear Air Prospers with Its Eclipse Fleet

Against all odds, U.S.-based Linear Air's all-Eclipse 500 air taxi operation is not only going strong, it's profitable and plans on doubling its fleet of five aircraft by the end of 2011.

Based in Concord, Mass., Linear Air offers access to more than 750 cities in the Northeast, Mid-Atlantic and Eastern Canada from operation centers in Boston and New York.

One of the strongest links in its business model is that all its aircraft are managed. But (and it's a big but) "It's not a managed fleet in the true sense," explains CEO William Herp. "The aircraft are dedicated 100% to us for charter."

"Linear Air recognized the opportunity to leverage its extensive expertise to offer a no-risk management program to Eclipse owners and grow its fleet at the same time," notes Edwin Brenninkmeyer, CEO of Oriens Advisors and Linear Air's lead investor.

## The Price Is Right

Show News asked William Herp if Linear Air has contemplated operating Citation Mustangs or Phenom 100s instead of Eclipse 500s: "If we were to change our fleet to Mustangs or Phenom 100s, we'd have to say to clients, 'Instead of the trip costing you \$3,000 in an Eclipse, it will cost you \$5,000!' That's how much extra that it would cost to operate those two aircraft against the Eclipse. All our customers would say 'No thank you!' And the reason for that is that \$5,000 would get them a seven-passenger light jet for the trip."

"Two hundred and sixty Eclipse 500s were produced and there are probably enough parts to build another dozen," according to Herp, who says that owners paid between \$1.2-\$1.8 million for their aircraft, but have seen them dive in value, and many are looking for opportunities that will keep them from having to realize the



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The Eclipse 500 is working just fine for Linear Air.

## Linear Air Europe? Don't Count It Out

Show News asked Edwin Brenninkmeyer, lead investor in the U.S.'s Linear Air, if it was possible to transfer the Linear Air air taxi model to Europe.

He said similarities between the Northeast U.S. and Europe are ideally suited for the light jet, short-hop optimal profile, and that European airlines also operate the inefficient hub-and-spoke system, but in contrast to the U.S., European regulations result in a greater cost

burden on the operator.

"However, I am particularly optimistic about the former East-em Bloc countries," he said, "as numerous former military airfields are available which require only minimal investment to complement existing infrastructure to meet full business aviation service standards. Stable manufacturing economies such as Poland and the Czech Republic continue to spawn more factories and business both

from indigenous companies as well as foreign investment from Germany and Austria. Management will need a cost- and time-efficient method of travel to get to the sites."

Asked whether Eclipse 500s would also be chosen if the project were to go ahead, Brenninkmeyer answered, "Only if they go back into full production, and only if there was good MRO coverage for them."

—Mike Vines

loss. "We see this as an opportunity to generate revenue with the Eclipse and a chance for us to partner with owners to re-capitalize their airplanes into our business and provide a positive outcome for them. We're talking to half a dozen owners and have deals in the pipeline right now."

Herp admits that times were tough through Eclipse Aviation's bankruptcy. "Our first Eclipse arrived in summer 2007, another in the fall, one in spring 2008, then basically the window slammed shut on us and we restructured." During the bankruptcy proceedings operators were still getting support from parts manufacturers. "For high failure rate items like tires, batteries and brakes we went direct to the manufacturers. There are still typical 'introduction of type' issues with the design of the airplane that need to be ironed out. The new company hasn't had the resources to fully tackle all these. There are also issues for Aircraft on Ground support, which is not available right now."

Herp says that Linear Air has achieved positive profitability on a company-wide business and "will continue to add aircraft in a measured fashion to increase the level of profitability." He considers that doubling his fleet is a relatively modest goal, but further expansion beyond that depends on a number of factors primarily related to the financial markets. If the economy improves steadily, fleet size could accelerate significantly beyond 10 aircraft.

—Mike Vines